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ABSTRACT

Recent court decisions requiring changes in State educational finance systems have not invalidated the use of local property taxes as a revenue source for education, nor have they dictated that the same amount of dollars must be spent on every pupil. In short, these decisions have left with the State legislatures the responsibility to fashion new systems of school finance that will reuse and distribute public funds more equitably and rationally. This report describes and analyzes equalization formulas and school aid programs recently enacted in 11 States. The author, in his examination of the intricacies of these reforms, draws important comparisons among State aid formulas and speculates about the future directions of school finance programs. He also discusses how the various States provided for transitions from the old to the new formulas. The report illustrates the broad range of alternative approaches available to the States as they attempt to incorporate greater rationality and equity into their school finance systems. A selected bibliography is included. (Author/JF)

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U.S. DEPARTMENT OF HEALTH
EDUCATION & WELFARE
NATIONAL INSTITUTE OF
EDUCATION

# New Programs of State School Aid

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Extra copies of this report are available at the cost of $3.50/copy, and can be obtained from the National Legislative Conference, 1150 17th Street, N.W. Suite 602, Washington, D.C. 20036.

If you desire a shorter description of school finance reforms enacted in ten states (all the states included in this report minus California), contact The Education Commission of the States (300 Lincoln Tower, Denver, Colorado 80203) and request a copy of "Major School Finance Changes: Statehouse Scorecard" (Research Brief, Vol. 2, No. 2), cost: $2.00/copy.

## FOREWORD

The National Legislative Conference is pleased to sponsor this report as an integral part of its ongoing effort to provide important information and technical assistance for state legislators and staff as they grapple with the responsibilities of bringing greater equity and fairness to American public education. Before considering the report, however, it would be appropriate to review briefly some of the major developments in the field of school finance reform over the past few years.

### Background for School Finance Reform

Practically overnight the manner in which public elementary and secondary education is financed has become one of the nation's most crucial domestic issues, commanding the attention of the public, the courts and lawmakers. In spite of increased revenues over the past few years, many school systems have been confronted with fiscal crises causing substantial reductions in personnel and programs. Accelerating school taxes and costs, declining services, and increased demands for equal opportunities have combined to force a nationwide reassessment of educational finance and governance.

What began as an ambitious effort to provide greater equity to taxpayers in the raising of educational revenues and to school children in the distribution of those revenues eventually spread to a number of equally complex concerns as well. High costs and limited funds created tremendous pressures for more efficient administration of school monies. Moreover, the restricted labor market, coupled with rising expenditures with little observable returns led both to public concern as to the use of educational resources and to enhanced skepticims about the value of education itself. Cries for teacher assessment, program evaluation and greater accountability of school personnel in general suggest that the public will not be content to have its educational funds spent only fairly and efficiently -- it must also be spent wisely, resulting in positive educational gains in the process.

Constitutional and historical imperatives have placed the ultimate responsibility for public education in the hands of the States. States, however, vary tremendously in the degree to which they exercise fiscal authority over education. Only the State of Hawaii is without some form of joint financing arrangement with local school districts; all other States act in partnership with school districts in providing revenue for public education. The national average shows local school districts accounting for 55 percent of the total school revenues, with States assuming 38 percent and the Federal government slightly less than 7 percent. Omitting the Federal contribution, the local share is 52 percent and the State share 48 percent.

The amount of money a local school district can spend on each student is a function of two factors: the ability of the district to generate revenues, crudely measured in terms of the per pupil value of taxable property, and the degree to which the district is willing to tax itself, expressed by a millage levy. Since taxable wealth is not evenly distributed, the interplay between fiscal ability and tax effort has resulted in school finance systems wherein the districts that make the smallest tax effort often have the highest per pupil expenditures, while those that tax heavily, frequently have lower property valuation behind each student and therefore have lower per pupil expenditures. These disparities in educational expenditures, resulting chiefly from variations in district wealth and tax rates, created the basis for judicial involvement in educational finance.

"We are called upon to determine whether the California public school financing system, with its substantial dependence on local property taxes and resultant wide disparities in school revenue, violates the equal protection clause of the Fourteenth Amendment." With those words, the Supreme Court of California, by its decision in Serrano v. Priest, initiated a trail of judicial litigation on school finance, the end of which cannot be foreseen.

While the U. S. Supreme Court did not find education to be a fundamental interest and therefore did not judge state school finance structures to be in violation of the Constitution, its decision in San Antonio Independent School District v. Rodriguez did not nullify any of the reforms which had already taken place. Nor did the Court's opinion indicate its support of the status quo in this area. In Justice Powell's own words: "The need is apparent for reform in tax systems which may well have relied too long and too heavily on the local property tax." Justice Stewart, in a concurring opinion, was even more hardhitting: "The method of financing public schools in Texas, as in almost every other State, has resulted in a system of public education that can fairly be described as chaotic and unjust." The Court's decision reflected the belief that while reform may be necessary, the U. S. Supreme Court is not the proper institution to promote these changes -- instead the initiatives and solutions must come from the lawmakers in the separate States. The Court's opinion, while defusing some of the immediate pressures for change, did not make the need for reform any less urgent. The basic injustices and inequities remained to be dealt with by the cross currents of the political process.

Just two weeks following the U. S. Supreme Court decision, the Supreme Court of New Jersey, in a unanimous vote in the case of Cahill v. Robinson, overturned the State's school finance system since, in the court's opinion, it failed to provide a "thorough and efficient" school system guaranteed by the State Constitution. Although the State Supreme Court refused to mandate a particular constitutional school finance system, it doubted strongly that any alternative could comply with the "thorough and efficient" standard if it continued to rely upon local taxation. The opinion stressed that it is the responsibility of the Legislature, not the Court, to devise an alternative school finance system. The Legislature was given until December 31, 1974, to enact an adequate school finance system which would meet the constitutional requirements.

It is important to recognize what these court decisions require. They have been essentially negative in character, because courts are reluctant to mandate any particular kind of school finance system into operation. Moreover, none have invalidated the use of local property taxes as a revenue source for education; nor have they dictated that the same amount of dollars must be spent on every pupil. In short, they have left with the State legislatures the responsibility to fashion new systems of school finance that will reuse and distribute public funds more equitably and more rationally.

In developing more rational and more equitable educational systems, decision-makers must confront a host of complex issues, which undoubtedly will affect both the pace and the nature of school finance reform in the United States. The most important of these issues would include the following:

- The tradition of local control of schools -- the fear that equalization efforts will mean a greater assumption of financing responsibilities by the State and, hence, the undermining or even the destruction of local decision-making prerogatives;
- The relationship between dollars and excellence -- critics of reform contend that focusing on variations in school expenditures is meaningless since research has failed to show that money has any real effect on student achievement;
- The inability to reach a consensus over what quality education and equal educational opportunity really means; and
- The special problems of urban school districts -- factors such as "municipal overburden", "cost differentials" and the presence of a disproportionate share of children who require compensatory educational services -- which place cities at a relative fiscal disadvantage compared with suburban and rural districts.

Varying constitutional dictates, differing tax preferences and dissimilar political cultures make it impossible to suggest any specific uniform school finance structure that would meet the needs and obligations of all States. In assuring that local wealth no longer be a major determinant of the quality of a child's public education States have a number of alternatives from which to choose. Nevertheless, it is important to remember that present structures in school finance discriminate against both the taxpayer and the student; hence, whatever reforms are effected should be fair and equitable to both categories.

Evidence of legislative leadership and responsibility cannot be limited to matters of little importance; the essence of responsible action lies in those troubled areas that touch the heart of the existing order. School finance reform is certainly one of those areas. Substantial changes in the funding apparatus for public elementary and secondary education is likely to have a profound effect not only on those children who will benefit directly by it but also upon the entire power structure of the States.

Reforming the revenue raising and distribution systems for public education may well be the "acid test" of the responsiveness and effectiveness of state government for the decade of

the 70's. It will certainly be one of its most difficult tasks as public officials will be called upon to harmonize two timeworn, yet conflicting threads in the fabric of American democracy -- individualism or freedom of choice and equality of opportunity.

Since the advent of litigation in state and federal courts concerning inequities in public school funding, the National Legislative Conference has assumed an active, leadership role in the school finance reform movement. Two years ago the Intergovernmental Relations Committee of NLC created a special Committee on School Finance. The charge to the Committee was to examine the requirements developed by the decisions, to explore the range of alternative school finance systems permissible under those rulings, and to recommend policy positions which would assist the States toward equalizing educational opportunities for their children. Months prior to the U. S. Supreme Court decision in Rodriguez the National Legislative Conference, at its annual meeting, unanimously adopted the recommendations of the school finance special committee. Chief among those recommendations was the assertion that regardless of how the U. S. Supreme Court ruled, it is the responsibility of every State to assure that educational opportunities no longer remain a function of local wealth. The NLC is committed to encouraging new educational finance legislation based on fiscal, educational and ethical considerations. As partial fulfillment of its commitment, NLC has assumed a function of providing important information to legislators about development in the field. In this regard, the Conference is delighted to sponsor the publication of this paper by W. Norton Grubb, entitled, "New Programs of State School Aid."

## A Description of the Report and Its Preparation

The report describes and analyzes equalization formulas and school aid programs recently enacted in eleven states. The author, in his examination of the intricacies of these reforms, draws important comparisons between state aid formulas and speculates about the future directions of school finance programs. His discussions of how the various states provided for transitions from the old to the new formulas is especially helpful.

The report's principal contribution is that it illustrates the broad range of alternative approaches available to the states as they attempt to incorporate greater rationality and equity into their school aid systems.

The report was prepared initially by Mr. Grubb after he carefully reviewed the reform legislation enacted in the eleven states. His analysis of each state was sent to representatives from the respective states for their review and comment. The state representatives selected for this assignment are school finance experts who have an intimate familiarity with the mechanics of the reforms enacted in their states. Listed below are the names of the state representatives who graciously assisted in preparing this report:

| | |
|---|---|
| California: | Paul Holmes, Assembly Education Committee |
| Colorado: | Edwin E. Steinbrecher, Assistant Commissioner, Colorado Department of Education |
| Florida: | Jack Leppert, Senate Education Committee<br>Marshall Harris, Office of the Governor |
| Illinois: | Fred Bradshaw, Office of the State Superintendent of Public Instruction |
| Kansas: | Richard Ryan, Legislative Research Department |
| Maine: | Larry Pineo, State Department of Education |
| Michigan: | Shirley Waldron, State Department of Education |
| Montana: | R. W. Stockton, Office of State Superintendent of Public Instruction |
| North Dakota: | Howard Snortland, State Department of Public Instruction |
| Utah: | Heber Fuller, Office of Legislative Analyst |
| Wisconsin: | Ronald Geason, State Bureau of Planning & Budget<br>Richard Rossmiller, University of Wisconsin |

These experts listed above checked the accuracy and completeness of the descriptions of the reform enacted in their states. Moreover, they supplied extensive data which were used in preparing the statistical tables that follow each state's description. For any errors that might remain, the authors have informed us that they assume full responsibility.

The report is divided into two parts. In part one, Mr. Grubb describes the reforms enacted in each of the eleven states. These eleven descriptions are preceded by a summary of the various reforms which is accompanied by a chart listing the salient features of the eleven reforms. The individual state descriptions follow the summary, and are accompanied by statistical tables depicting the impacts of the reforms on selected districts. Part two of the report is an appendix which includes a selected bibliography, a narrative on district power equalizing, and copies of school finance reform legislation from the eleven states.

Senator Joseph Harder

Chairman, NLC Task Force on Education

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## SUMMARY

In the past year, eleven states passed legislation modifying their programs of state aid for public schools. While this burst of legislative activity can be interpreted as a response to the court suits beginning with the Serrano decision in California, the connections between court pressures and legislative responses have been generally indirect. State courts had ruled school finance programs unconstitutional in only two of the eleven states -- in Kansas and Michigan -- while the changes in California[1] and Montana appear to have been prompted by the fear of court findings. For the remaining states, however, recent activity in the courts appears to have been effective simply by highlighting inequities in present financing mechanisms and by bringing the arguments for school finance reform to public attention.[2]


## SOME COMMENTS ABOUT THE SIMILARITIES AMONG THE REFORMS

Nonetheless, since these recently enacted bills constitute the first round of revisions in response to the state commissions established after the Serrano decision,[3] they may be construed as an indication of the direction school finance reforms will take in the near future. Hence, the purpose of this paper is to describe the substance of this legislation. Anticipating the results, there are a number of similarities among the bills which can serve as an indication of the trend of school finance reform (see Table I):

- In nine of the eleven states -- Colorado, Florida, Illinois, Kansas, Maine, Michigan, Montana, Utah, and Wisconsin -- the revised state aid programs distribute state aid on the basis of district power equalizing (DPE) formulas -- a method of distributing state aid whereby equal tax rates among districts will be made to generate equal tax yields, irrespective of the wealth of the districts.[4] This represents a substantial increase in the number of states distributing aid in this way[5] and a marked departure from previous reliance on foundation programs and flat grants. The other two of the eleven states -- California and North Dakota -- simply expanded their foundation programs.

- Two states -- Utah and Michigan -- have extended DPE formulas to construction aid.

- Four of the nine states which passed bills incorporating percentage equalizing formulas have combined high levels of non-matching aid -- which cannot vary from district to district except as measures of educational need vary -- with much smaller amounts of matching aid under percentage equalizing formulas. (This includes Florida, Maine, Montana, and Utah.) Because the amount of variation in per pupil revenues

is limited as a result, such plans should greatly reduce intra-state variation in school resources. They do not eliminate local control over expenditure levels, but they do reduce the range of possible expenditures, and vary the matching rates on the basis of property valuation in an effort to eliminate the present coorelation between resources and wealth.

- Another mechanism for narrowing resource disparities has been adopted in every one of the states whose bills have been described: direct restrictions on tax rates or revenue levels. In most cases, they take the form of ceilings on permissible tax rates or revenue levels, but several of the new reform measures constrain the rates of growth of revenues. However, nearly all of the states permit voters to override these restrictions. Hence, their effectiveness in narrowing resource disparities may be weakened, if not destroyed, if voters in wealthy districts choose to override their limitations. On the other hand, the incorporation of direct controls over inequalities indicates some recognition that state financing mechanisms would not otherwise contain sanctions strong enough to eliminate the present correlation between property valuation and revenues per pupil.

- In every state, there are save-harmless clauses or minimum state grants which insure that state aid will be non-negative. Only in Maine is the equalizing provision currently subject to recapture, while Wisconsin provides for recapture in the future. A pure form of percentage or district power equalizing, which would require wealthy districts to remit revenues to the state for increases in expenditure, has not been politically acceptable elsewhere.

- In all states, the amount of state revenues is dramatically increased. Since increases in state aid have considerable power in reducing intra-state inequalities apart from the way such aid is distributed,[6] this alone should reduce the extent of current disparities.

- A number of states -- Florida, Kansas, Maine, Montana and Utah -- have effectively legislated state property taxes, by requiring property taxes to be levied at specified rates regardless of the amount of state allocation to individual districts.

- Some of the new programs have incorporated rather sophisticated adjustments to allocate revenues according to prevailing concepts of educational need. In particular, Florida's bill includes a correction for price differences; Colorado and Michigan consider municipal overburden; and Colorado, California, Florida, Illinois, Utah, and Wisconsin all distribute additional revenues for compensatory education. Of course, the extent to which such corrections are necessary varies from state to state, and it would be surprising to find all of these corrections in every state. The main point is that, contrary to some criticisms,[7] existing formulas (including percentage equalizing formulas) can be

easily adjusted in various ways, and legislatures have responded to arguments based on considerations of educational need in favor of such adjustments. In particular, the special problems of urban school systems have received serious consideration, and it appears that their fiscal position has been considerably improved in this round of legislation. (Editor's Note: For more information on the impact of these reforms on the cities, see Appendix B.)

- In conjunction with school finance reform, a small number of states have also revised the administration of the property tax. This is most clear in Florida, Maine and Montana. In addition, Michigan passed a circuit breaker to reduce the regressivity of the largest source of local revenue, the property tax.[8]

## A FEW THOUGHTS ABOUT THE IMPACT OF THE REFORMS

There is little doubt that the recent revisions of state aid programs included in this eleven State study will serve to reduce disparities among districts, both because of the increased amounts of state revenues and because of shifts to distribution formulas with greater equalizing potential (except in California and North Dakota). In addition, with the consideration of prevailing concepts of educational needs in provisions relating to cost differences, compensatory education, cost of living variations, and municipal overburden, this legislation as a whole has moved in the direction of equity based on real school resources rather than simple dollar amounts. While many advocates of school reform will feel that these reforms have been too hesitant, especially in the save-harmless clauses applying to wealthy districts, at least the trend of legislation is clear.

Yet, if this is a rather sanguine view of the impact of Serrano and other court decisions, there are several thorns in this rosy picture. First, the school finance reform litigation movement, with its initial successes, has been thrown on the defensive in some states. For example, a suit was recently filed by wealthy districts in Montana charging that the new bill violates the state's home rule provisions. Another suit is pending in Florida over the cost of living arrangements in that State's revised school finance formula. Similarly, wealthy districts are currently considering a suit in Wisconsin challenging that State's new school finance system. Second, the new bills create a number of incentives for districts -- both wealthy and poor -- to subvert the intent of the legislation to their own ends. These include incentives to transfer functions between the school and non-school sectors of local governments, to abandon public schools in favor of private schools, to manipulate (possibly to the detriment of individual children) figures on pupils eligible for compensatory aid, and to increase inequities within school districts so as to favor children of wealthy parents.[9] Additionally, the incentive remains for legislatures to change school finance programs for political purposes.[10] One is left with the suspicion that the issue of school resource allocation will remain a contentious subject for a considerable period to come.

## TABLE 1

### SUMMARY OF NEW SCHOOL FINANCE PROGRAMS

| State | Basic Aid Type | Non-Matching Aid | Effective State Property Tax Rate | Percentage Equalized Aid | Minimum[1] Aid | Budget Limits & Tax Ceilings | Voter Override | Recapture |
|---|---|---|---|---|---|---|---|---|
| California S.B.90; A.B.1267 | Foundation Plan | $765 (Elem) @ 2.23 mills $950 (High) @ 1.64 mills | None | None | $125 | Different % for high and low spending districts | Yes[3] | No |
| Colorado H.B. 1562 | D.P.E. | None | None | $25/mill | $8/mill | 7-12% increase depending on wealth | Yes[4] | No |
| Florida H.B. 734 | Large non-matching grant plus smaller D.P.E. grant | $579 @ 7 mills | 7 mills | $41/mill between 7 and 10 mills | No | 10 mill ceiling | No | No |
| Illinois H.B. 1484 | Foundation program with D.P.E. option | $520 @ 8.4 mills (foundation) | None | $42/mill (unified Dist.) (D.P.E. option) | $48 per pupil[9] | millage limits | Yes[5] | No |
| Kansas S.B. 92 | D.P.E. | None | None | Yes (see text) | No | 5-15% depending on budget size | Yes[6] | No |
| Maine ch 5,10 of Title 20 | Large non-matching grant plus smaller D.P.E. grant | $600 (Elem) $915 (High) | 14 mills | $50/mill up to 2½ mills | No | millage ceiling | No | Yes |
| Michigan S.B. 110 | D.P.E. | None | None | $38/mill | No | mill limits for 2 years[2] | Yes[5] | No |
| Montana H.B. 428 | Large non-matching grant plus smaller D.P.E. grant | 80% of General Fund Budget (GFB) | 40 mills | 2-2/9% of GFB (elementary) & 3-1/3% of GFB (secondary) per mill | No | 7% Budget Increase limit. Millage limits on D.P.E. Provision | Yes[5] | No |
| North Dakota S.B. 2026 | Foundation Plan | $540 @ 20 mills | None | None | No | 44 mill ceiling | Yes[5] | No |
| Utah S.B. No. 72; H.B. 105, 106 | Large non-matching grant plus smaller D.P.E. grant | $508 @ 28 mills | 28 mills | $4/mill between 28 and 38 mills | No | 38 mill ceiling | No | No |
| Wisconsin 1973 A.B. 300 | D.P.E. | None | None | $71.2/mill (unified dist) | No | $55/pupil increase | No | Yes (after 2 yrs.) |

TABLE 1 (continued)

| State | Phase in Period | Save Harmless | Duration of Save Harmless Provisions | Cost of Living or Other Long Term Escalators | Circuit Breaker for Property Taxes | Program Cost Weights | Additional Aid for Compensatory Education | Area Cost Weights | Construction & Building Fund Aid |
|---|---|---|---|---|---|---|---|---|---|
| California S.B.90; A.B.1267 | Yes | No | – | No | No | Yes | Yes | Yes–for necessarily small schools | No |
| Colorado H.B. 1562 | 3 years | Minimum aid for very poor districts | 1 year | No | No | No | Yes | For small rural and large urban districts | No |
| Florida H.B. 734 | 1 year | Yes | 1 year | Yes[7] | No | Yes | Yes | Yes[7] | Yes |
| Illinois H.B. 1484 | 4 years | Optional Program for Rich Dist. | Indefinite | No | No | Yes[8] | Yes | Yes[8] | No |
| Kansas S.B. 92 | No | No | – | No | No[10] | No | No | Yes–based on district size | No |
| Maine ch 5,10 of Title 20 | 3 years | Yes–applicable to both expenditures and tax rates | 3 years (est.) | No | No | No | No | Yes | Yes |
| Michigan S.B. 110 | 3 years | Yes (see text) | Reduced over 3 years | No | Yes | No | No | Correction for municipal over-burden | Yes– D.P.E. formula |
| Montana H.B. 428 | No | No | – | No | No | Yes | No | No | No |
| North Dakota S.B. 2026 | No | No | – | No | No | Yes | No | Yes | No |
| Utah S.B. No. 72; H.B. 105, 106 | No | No | – | No | No | Yes | Yes | Yes–for very small schools | Yes– D.P.E. formula |
| Wisconsin 1973 A.B. 300 | Yes | Yes | Decrease over 8 years | No | No | No | Yes | No | Yes |

[1] This column is concerned with specific dollar guarantees, as opposed to save harmless provisions.

[2] This limit is only a ceiling on the level of tax which will be equalized by the state. Districts are free to exceed this limit; however, revenues above the limit are not equalized.

[3] Note that the foundation participation rate is low, leaving considerable leeway for supplemental local levies. Districts are free to set their own tax rate within the parameters of the new budget expansion regulations.

[4] After the first year of operation (1973-74) voter approved budget increases will qualify for equalization under the D.P.E. plan.

[5] Amounts raised under the voter override provision are not equalized by the state.

[6] High spending districts may override the 5% limit, but no district may exceed the 15% ceiling.

[7] Cost of living adjustment – index differs by district.

[8] Title I pupils are weighted as 1.35. Since there is no guarantee that these monies will be spent for compensatory education, the provision acts as an increase in general aid to districts with high Title I concentrations. Also, very large and very small districts are affected by special provisions.

[9] The D.P.E. option in Illinois is superimposed on a basic foundation program which remains in effect for wealthier districts. This foundation option guarantees a $48 minimum grant.

[10] While there is no circuit breaker provision, the Kansas income tax rebate does supplement, to some extent, local property taxes.

## ORGANIZATION OF THE REPORT

The body of this report describes the legislation in the eleven states. In examining this legislation, the following elements of the new program are stressed:

- The basic structure of the distribution formulas;
- Exceptions and save-harmless clauses, especially those which tend to increase state aid to wealthy districts;
- State-imposed limitations on expenditures and/or tax rates;
- The increases in state revenues required; and
- Provisions relating to conditions of special educational need.

Following the description of each state reform there appears a set of tables depicting the impacts of the new legislation on selected districts. Additionally, there is a set of charts following this Summary which depicts certain essential elements of the state reforms that are the subject of this report. These tables and charts were prepared by Jack Costello and R. Stephen Browning of the Lawyers Committee for Civil Rights Under Law and are not the responsibility of the principal author of this report.

The Appendix to this report contains several items. First, a technical explanation of the various district power equalizing formulas that appear in this report. Next, a set of tables depicting the impact of the new state aid formulas on the major urban districts in each state. Finally, there appears a collection of the legislative bills that formed the basis for this study. These bills are included for policy-makers who might want to see the precise wording for selected provisions which they might want to propose in their states.

## CALIFORNIA[1]

The California school finance reforms substantially increased the amount of aid available under the foundation program. State revenues approximately doubled. For elementary districts, revenue is now guaranteed at a level of $765 with a 2.23 mill participation rate, as compared to the previous $391 and 1 mill rate.[2] For secondary districts, aid is now $950 per pupil with a 1.64 mill minimum rate as compared with the previous figures of $524 and .80 mills respectively. The new bill maintains a minimum state grant of $125 per pupil.[3]

In addition to doubling the amount of state revenue available to most districts, the new bill institutes a series of limitations on the rate at which revenues can grow over time, with the intent -- as in Colorado and Kansas -- of permitting low-spending districts to increase expenditures at faster rates than high spending districts. The revenue limit can never be below the current foundation level,[4] which will grow at 6-7 percent per year; hence districts which have been spending below the foundation level are able to increase revenues from 6-7 percent per year. For districts which have been spending above the foundation level, the permitted increase is designed to be somewhat smaller than 6-7 percent.[5]

The revenue limits for both low and high spending districts may be overriden for certain purposes by school boards, and may be overriden for any purpose upon voter approval. Hence, as in most other states with revenue or tax restrictions, the effectiveness of the revenue limits will depend on whether voter overrides are automatic or not.

In addition, the California legislature authorized additional funds for compensatory education, allocated on the basis of an index of transiency, a poverty index, and the number of bilingual pupils. But while the amount of such aid may appear rather large -- $30 million in 1973-74 -- it constitutes less than four percent of total state aid.

## TABLE 2

### DISTRICT CHARACTERISTICS: CALIFORNIA

| District Name[1] | Number of Pupils ADA FY 1973 | Title 1 Assistance Per Pupil (1973)[2] | Actual[5] Assessed Valuation Per Pupil (1973) | Median Family Income (1970)[3] | Actual[6] Operating Millage Before Reform (1972-73) | Projected[7] Operating Millage After Reform (1973-74) | % Change | School Tax Burden Before (%)[4] | School Tax Burden After (%) |
|---|---|---|---|---|---|---|---|---|---|
| Los Angeles (C) | 658,391 | 45 | 15,280 | 10,336 | 40.3 | 40.3 | .07 | 6.0 | 6.4 |
| Glendale (S) | 23,413 | 18 | 18,139 | 11,850 | 38.1 | 40.1 | 5.11 | 5.8 | 6.4 |
| Covina Valley (S) | 17,780 | 16 | 8,715 | 12,284 | 47.5 | 36.7 | (22.75) | 3.4 | 2.7 |
| San Francisco (C) | 76,359 | 69 | 34,770 | 10,503 | 37.9 | 37.9 | – | 12.5 | 12.5 |
| San Diego (C) | 130,120 | 24 | 14,820 | 10,220 | 41.9 | 39.6 | ( 5.35) | 6.1 | 6.4 |
| San Jose (C) | 37,706 | 24 | 15,059 | 10,916 | 55.0 | 52.7 | ( 4.29) | 7.6 | 7.9 |
| Palo Alto (S) | 14,179 | 8 | 26,511 | 15,171 | 58.7 | 56.6 | 3.49 | 10.5 | 10.7 |
| Riverside (S) | 25,651 | 22 | 13,360 | 10,809 | 42.7 | 40.2 | ( 5.82) | 5.3 | 5.4 |
| Sacramento (C) | 52,171 | 43 | 11,916 | 10,366 | 46.5 | 40.6 | (12.7) | 5.3 | 4.9 |
| Fresno (C) | 56,873 | 12 | 9,860 | 9,263 | 50.9 | 39.9 | (21.6) | 5.4 | 4.5 |
| Del Norte (R) | 3,781 | 27 | 18,534 | na | 37.4 | 37.7 | .9 | na | na |
| Lone Pine (R) | 229 | na | 40,600 | na | 38.1 | 36.0 | ( 5.6) | na | na |
| Modoc (R) | 1,127 | 25 | 24,705 | na | 32.4 | 31.7 | ( 2.3) | na | na |
| Willows (R) | 1,676 | na | 20,568 | na | 30 | 34.6 | 8.4 | na | na |
| Mean | – | 28 | 19,488 | 11,172 | 42.7 | 40.3 | – | 6.8 | 6.9 |
| Maximum/Minimum Ratio | – | 8.6/1 | 4.7/1 | 1.6/1 | 1.9/1 | 1.8/1 | – | 3.7/1 | 4.6/1 |

[1] (C) Central City; (I) Independent City; (S) Suburban; (R) Rural. A "Central City" district is defined as being the key district within a standard metropolitan statistical area (SMSA) with a total population greater than 250,000. A "suburban" district is located within a "Central City" SMSA. "Independent City" districts are those which have populations between 10,000 and 250,000, and are located beyond built-up Central City areas. Finally, "Rural" districts are those districts not located in SMSAs which contain no communities with populations as large as 10,000.

[2] This column represents the district's total Title I assistance divided by the districts total number of pupils.

[3] This column is a school district (not a community) figure derived from 1970 Census data.

[4] School Tax Burden is expressed by the district's local dollar contribution as a percentage of median family income.

[5] This column represents actual, not equalized or adjusted valuations.

[6] Note that these are actual, not equalized millages. Some caution should be exercised in making comparisons between districts.

[7] Note that these are projected millages. They represent the millage which would be required to raise the local share of the "Authorized Income" (or maximum expenditure) under the new California plan. These figures do not reflect voter approved add ons which are allowed under the new legislation. Without further knowledge of the frequency and degree of voter approved tax increases it is impossible to predict how close these projections are to actual tax rates for 1973-74.

## TABLE 3

### DISTRICT REVENUES: CALIFORNIA

| District Name | Actual Local Revenues Per Pupil (1972-73)[1] | Cieling Local Revenues Per Pupil (1973-74)[2] | Local % Change | State Aid Per Pupil (1972-73)[3] | State Aid Per Pupil (1973-74)[3] | State % Change | Total Local and State Revenues Per Pupil (1972-73)[4] | Total Local and State Revenues Per Pupil (1973-74)[4] | Total % Change |
|---|---|---|---|---|---|---|---|---|---|
| Los Angeles (C) | 616 | 664 | 7.8 | 185 | 227 | 22.7 | 801 | 871 | 8.7 |
| Glendale (S) | 692 | 760 | 9.8 | 143 | 145 | 1.4 | 835 | 905 | 8.4 |
| Covina Valley (S) | 414 | 334 | (19.3) | 319 | 508 | 59.2 | 733 | 842 | 14.9 |
| San Francisco (C) | 1,317 | 1,317 | – | 125 | 125 | – | 1,442 | 1,442 | – |
| San Diego (C) | 620 | 653 | 5.3 | 187 | 224 | 19.8 | 807 | 877 | 8.7 |
| San Jose (C) | 830 | 863 | 4.0 | 186 | 220 | 18.3 | 1,016 | 1,083 | 6.6 |
| Palo Alto (S) | 1,590 | 1,629 | 2.5 | 125 | 125 | – | 1,715 | 1,754 | 2.3 |
| Riverside (S) | 577 | 584 | 1.2 | 221 | 284 | 28.5 | 798 | 868 | 8.8 |
| Sacramento (C) | 554 | 507 | ( 8.5) | 247 | 364 | 47.4 | 801 | 871 | 8.7 |
| Fresno (C) | 503 | 415 | (17.5) | 279 | 437 | 56.6 | 782 | 852 | 9.0 |
| Del Norte (R) | 692 | 776 | 12.1 | 139 | 125 | (10.1) | 831 | 901 | 8.4 |
| Lone Pine (R) | 1,027 | 1,086 | 5.7 | 125 | 125 | – | 1,152 | 1,211 | 5.1 |
| Modoc (R) | 800 | 870 | 8.8 | 125 | 125 | – | 925 | 995 | 7.6 |
| Willows (R) | 682 | 752 | 10.3 | 125 | 125 | – | 807 | 877 | 8.7 |
| Mean | 780 | 800 | – | 181 | 226 | – | 960 | 1,025 | – |
| Maximum/Minimum Ratio | 3.8/1 | 4.9/1 | – | 2.6/1 | 4.1/1 | – | 2.3/1 | 2.1/1 | – |

[1] This figure represents the actual 1972-73 local property tax revenue.

[2] This column represents the maximum local revenue allowed in 1973-74. This amount is derived by subtracting state aid per pupil for 1973-74 from the district's cieling total revenue per pupil as calculated under the new budget limitation provisions. Note, therefore, that this amount does not reflect voter approved overrides of the cieling and is not an actual representation. Without further knowledge of the frequency and extent of voter approved overrides it is impossible to determine how closely the figures given here approximate actual revenues.

[3] Basic Aid, Equalization Aid and Supplementary Support per ADA. This figure excludes categorized aid.

[4] Sum of the local and state revenue columns. This figure does not include federal funds. Note that 1973-74 total revenues is not an actual amount, but rather, it is the cieling revenue allowed under the new formula. The same caution regarding voter overrides (see footnote 2) applies to the 1973-74 amount.

Note on Sources: Title 1 assistance data was obtained from the U.S. Office of Education and Median Family Incomes were supplied by the Syracuse University Research Corporation. All other data was taken or calculated from the computer run "School District Impact of SB90 and AB 1267 — January 24, 1974" supplied by the California Assembly Education Committee.

## COLORADO[1]

The new Colorado school finance program, a dramatic departure from the old foundation plan, distributes aid according to a district power equalizing formula. This new formula provides minimum amounts of state aid for wealthy districts, and establishes upper limits on the permissible revenues generated from certain state and local sources. As with other power equalizing programs that do not require recapture of excess revenues from wealthy districts, state revenues required to finance the new formula will have to increase drastically. Indeed, state aid for general purposes may nearly double -- from $160.3 million in 1973 to $294 million in 1974. Moreover, categorical aid is expected to increase from $27 million to $35 million. Thus, overall, the state share of total public school expenditures in Colorado may jump from 31 percent to 51 percent.

The bill guarantees each district $25 per pupil per mill of tax in 1974. In other words, state aid makes up the difference between the local per pupil yield per mill and $25.[2] The guaranteed yield per mill will be increased to $27 in 1975 and to $29 in 1976. However, no district will receive less than $8 in state aid per mill of tax in 1974, with this minimum raised to $9 in 1975 and $10 in 1976. The minimum in 1974 applies to those districts with per pupil property valuations higher than $17,000.[3] In addition, there is a one-year provision that guarantees any poor district[4] at least $750 per pupil with an 18 mill tax reduction in its previous tax rate.

While the minimum grants of state aid to all districts makes the distribution of total resources more unequal, the bill does contain maximum revenue provisions which may narrow over time the differences between low-spending and high-spending districts. For example, all districts that received less than $800 in 1973 from state and local sources are permitted to increase revenues per pupil 12 percent per year.[5] The permissible rate of increase declines for higher spending districts; for the state's highest-spending districts (i.e., those which raised more than $1,000 per pupil in 1973), the annual increase permitted is 7 percent. Since maximum rates of increase continue to apply over time, the effect of these limitations will supposedly be to permit low-spending districts to increase expenditures faster than high-spending districts can, with a consequent narrowing of resource disparities every year.

However, the difference between 7 percent and 12 percent may not be great enough to permit really poor districts to "close" the gap for quite a while. In fact, when one considers that 12 percent of $800 is only $26 greater than 7 percent of $1,000, it appears that the 5 percent additional leeway will do little more than allow poorer districts to keep up with the wealtheir districts. This is nonetheless an improvement over the previous fixed percentage increase applicable to all districts.

It should also be noted that these revenue limitations can be overriden in two ways: by

local vote or by approval of the state school district budget review board.[6] For the first year, all revenue in excess of revenue limits -- whether state approved or locally voted -- must come from local property taxes and will not qualify for state equalization. Thereafter, however, additional millage will qualify for equalization. Thus, any effectiveness in narrowing revenue differentials depends critically on the utilization of these overrides.

The new Colorado system provides additional state aid to two types of districts: first, small rural districts, and second, urban districts with the following three characteristics: (a) more than 15 percent of its enrollment from families receiving AFDC aid; (b) a student membership per square mile greater than 700; and (c) a total population greater than 300,000. The urban district provision, which increases local entitlement per mill of tax by 15 percent, theoretically applies to all poor and urban districts, but presently applies only to Denver.

## TABLE 4

### DISTRICT CHARACTERISTICS: COLORADO

| District Name[1] | Number of Pupils ADAE (1973) | Title 1 Assistance Per Pupil (1973)[2] | Assessed[5] Valuation Per Pupil (1973) | Median Family Income (1970)[3] | Actual[6] Operating Mill Levy Before Reform (1972-73) | Actual Operating Mill Levy After Reform (1973-74) | % Change | School Tax Burden Before (%)[4] | School Tax Burden After (%) |
|---|---|---|---|---|---|---|---|---|---|
| Denver (C) | 83,754.1 | $39 | 18,741 | 9,654 | 48.6 | 40.8 | (16.1) | 9.4 | 8.4 |
| Jefferson Co. (S) | 69,406.1 | 4 | 8,331 | 12,045 | 65.9 | 38.6 | (41.4) | 4.6 | 2.7 |
| Littleton (S) | 17,076.6 | 3 | 8,284 | 14,202 | 66.2 | 39.2 | (40.8) | 3.9 | 2.4 |
| Englewood (S) | 4,974.1 | 20 | 14,243 | 9,744 | 58.9 | 45.4 | (22.9) | 8.6 | 7.1 |
| Aurora (S) | 18,297.8 | 8 | 7,182 | 10,287 | 74.3 | 39.2 | (47.3) | 5.2 | 2.9 |
| Colorado Springs (I) | 33,352.2 | 17 | 10,180 | 8,826 | 53.1 | 37.5 | (29.4) | 6.1 | 4.5 |
| Pueblo (I) | 25,079.0 | 26 | 7,621 | 8,491 | 49.4 | 33.1 | (33.0) | 4.4 | 3.1 |
| Ft. Colins (I) | 12,230.3 | 13 | 10,493 | 8,928 | 64.8 | 41.7 | (35.6) | 7.6 | 5.2 |
| Boulder Valley (IS) (Idaho Springs) | 21,673.5 | 7 | 12,317 | 11,656 | 62.6 | 44.3 | (29.3) | 6.6 | 4.9 |
| Clear Creek (R) | 1,320.0 | 4 | 26,289 | 9,686 | 30.8 | 29.4 | ( 4.5) | 8.4 | 8.6 |
| Las Animas (R) | 1,063.2 | 53 | 9,327 | na | 47.1 | 34.4 | (27.0) | na | na |
| West Yuma (R) | 1,048.0 | 25 | 16,447 | na | 50.2 | 43.1 | (14.2) | na | na |
| Steamboat Spr. (R) | 1,092.8 | 16 | 18,725 | 9,213 | 44.1 | 36.5 | (17.2) | 9.0 | 8.5 |
| Douglas Co. (R) | 3,245.9 | 6 | 10,200 | 10,920 | 60.9 | 39.0 | (34.4) | 5.7 | 3.6 |
| Mean | – | 17 | 12,741 | 10,304 | 55.5 | 38.7 | – | 6.6 | 5.2 |
| Maximum/Minimum Ratio | – | 17.7/1 | 3.7/1 | 1.7/1 | 2.4/1 | 1.5/1 | – | 2.4/1 | 3.6/1 |

[1] (C) Central City; (I) Independent City; (S) Suburban; (R) Rural. A "Central City" district is defined as being the key district within a standard metropolitan statistical area (SMSA) with a total population greater than 250,000. A "suburban" district is located within a "Central City" SMSA. "Independent City" districts are those which have populations between 10,000 and 250,000, and are located beyond built-up Central City areas. Finally, "Rural" districts are those districts not located in SMSAs which contain no communities with populations as large as 10,000.

[2] This column represents the district's total Title I assistance divided by the districts total number of pupils.

[3] This column is a school district (not a community) figure derived from 1970 Census data.

[4] School Tax Burden is expressed by the district's local dollar contribution as a percentage of median family income.

[5] This column represents actual, not equalized assessments.

[6] Note that these are actual, not equalized mill levies. Caution should be exercised in making comparisons among districts.

## TABLE 5

### DISTRICT REVENUES: COLORADO

| Colorado Districts | Local Property Tax Revenue Per Pupil (1972-73) | Local Property Tax Revenue Per Pupil (1973-74) | Local % Change | State Aid Per Pupil (1972-73)[1] | State Aid Per Pupil (1973-74)[2] | State % Change | Total Local[3] and State Revenue Per Pupil (1972-73) | Total Local[3] and State Revenue Per Pupil (1973-74) | Total % Change |
|---|---|---|---|---|---|---|---|---|---|
| Denver (C) | 911 | 806 | (11.5) | 184 | 366 | 99.1 | 1,095 | 1,172 | 7.0 |
| Jefferson Co. (S) | 545 | 330 | (39.8) | 329 | 636 | 93.0 | 878 | 966 | 10.0 |
| Littleton (S) | 548 | 339 | (38.2) | 343 | 641 | 87.1 | 891 | 980 | 10.0 |
| Englewood (S) | 839 | 691 | (17.6) | 220 | 444 | 101.2 | 1,060 | 1,135 | 7.1 |
| Aurora (S) | 533 | 298 | (44.1) | 357 | 681 | 90.8 | 890 | 990 | 11.2 |
| Colorado Springs (I) | 541 | 397 | (26.5) | 311 | 540 | 73.4 | 852 | 948 | 11.5 |
| Pueblo (I) | 376 | 263 | (30.0) | 362 | 564 | 55.6 | 739 | 827 | 12.0 |
| Ft. Colins (I) | 679 | 466 | (31.5) | 288 | 578 | 100.6 | 967 | 1,045 | 8.0 |
| Boulder Valley (IS) | 771 | 575 | (25.5) | 264 | 532 | 101.1 | 1,036 | 1,108 | 7.0 |
| (Idaho Springs) Clear Creek (R) | 809 | 829 | 2.5 | 176 | 235 | 33.4 | 985 | 1,064 | 8.0 |
| Las Animas (R) | 439 | 321 | (26.8) | 328 | 538 | 64.0 | 767 | 859 | 12.0 |
| West Yuma (R) | 826 | 737 | (10.7) | 215 | 355 | 65.2 | 1,041 | 1,113 | 7.0 |
| Steamboat Spr. (R) | 825 | 782 | ( 5.3) | 179 | 292 | 63.5 | 1,002 | 1,072 | 7.0 |
| Douglas Co. (R) | 621 | 398 | (36.0) | 297 | 601 | 102.8 | 918 | 1,000 | 8.9 |
| Mean | 661 | 516 | – | 275 | 500 | – | 937 | 1,020 | – |
| Maximum/Minimum Ratio | 2.5/1 | 3.2/1 | – | 2.1/1 | 2.9/1 | – | 1.5/1 | 1.4/1 | – |

[1] Total General Fund foundation support per pupil. This figure does not include categorical aid.

[2] Total equalization aid per pupil. This figure does not include categorical aid and is comparable to the 1972-73 data.

[3] Total of the local and state revenue columns. This figure does not include federal aid.

Note on Sources: Title I assistance data was obtained from the U.S. Office of Education and Median Family Incomes were supplied by the Syracuse University Research Corporation. All other data was taken or calculated from statistics provided by the Office of Department Management Services, Colorado Department of Education.

## FLORIDA [1]

Florida's recently enacted school finance plan, according to the legislative policy statement accompanying the legislation, was designed to:

> "Guarantee to each student in the Florida public school system the availability of programs and services appropriate to his educational needs, which are substantially equal to those available to any similar student, notwithstanding geographic differences and varying local economics factors."

The new financing system has two basic parts. First, for a qualifying rate of seven mills, it guarantees to each district the "basic student cost" per weighted pupil. Second, for local levies beyond seven mills but less than 10 mills, it guarantees a minimum amount of revenue for each additional mill of tax. Hence, the bill combines rather large amounts of revenue under the non-matching portion, with smaller amounts of revenue under the equalization part. Although equalized aid can result in expenditure differences among districts, such variations will probably be unrelated to wealth.

Under the non-matching portion of the formula, the state makes up the difference if the qualifying tax rate fails to raise the guaranteed amount. Determination of this "basic student cost" is left to the legislature, and for 1973-74 this cost was set at $579. [2]

The equalization portion of the statute guarantees local districts 7% of the basic student cost ($40.53 per pupil in 1973-74) for each mill between seven and ten mills. This equalization aid is non-negative because it permits wealthy districts to keep any funds generated by their property base that exceed the per mill guarantee. [3]

As described thus far, the Florida plan may appear essentially similar to the other reforms included in this study. However, there are several features in the Florida legislation that are substantially more sophisticated than any found in other reforms. The weighting of pupils is one such feature. Under the new Florida plan each district's basic aid entitlement is calculated on the basis of weighted pupils, where weights are intended to compensate for cost differences attributable to age, special needs (exceptional and vocational education), and compensatory education. [4] The weights for normal children are 1.20 for kindergarten through third grade, 1.00 for grades four through ten, and 1.10 for grades eleven and twelve. Note that the highest weights apply to the first four years, rather than to secondary education as has been customary in other states that use weightings. For handicapped children and other special programs, the weights range from 1.17 to 15.0. Finally, an additional weighting of .05 for compensatory education is provided for pupils with low achievement test scores, low socio-economic status, and/or low scores on a standard English comprehension test. [5]

One of the most significant features of the Florida law is its effort to require that additional funds given to districts due to high student weightings actually be provided to those students whose weightings caused the allocation of additional funds. To insure that such students actually receive extra resources, the new law requires that 90 percent of funds generated by these weightings be spent in the school and the program with the appropriate pupils. It further requires the creation of a statewide management information system that will report expenditures on a school-by-school basis for the various educational programs.

Another sophisticated feature is use of cost-of-living factors. Provisional cost-of-living factors ranging from .91 to 1.09,[6] were assigned in the bill, and the legislature retained the responsibility to adjust these factors according to annual cost studies. These factors tend to benefit urbanized areas where costs are higher than in rural areas. The basic student cost is adjusted by a district's cost-of-living factor to arrive at its basic amount for the current operation. Unlike the non-matching aid, equalization aid is not adjusted for cost-of-living differentials.

The Florida bill seems to have been designed to circumvent at least three criticisms of Serrano-inspired school aid formulas. First, the large amount of non-matching aid limits the tendency of pure percentage equalizing formulas to permit large inter-district disparities.[7] Second, the equalization provision provides for "local control" of expenditure levels without penalizing poorer districts. Third, the weighting and cost-of-living adjustments are responses to criticisms of the potential inflexibility of district power equalizing formulas.[8]

The Florida bill increased state revenues for school operations from $698 million in 1972-73 to $830 million in 1973-74. It is interesting to note that the bill also included among its intentions the desire to "increase the authority and responsibility to encourage district initiative in seeking more effective and efficient means of achieving the goals of the various programs," and eliminated a number of state controls over local decisions.

The new Florida legislation contains a number of provisions for categorical aid of which construction aid is perhaps the most important. The bill empowers the State Commissioner of Education to distribute money according to a district's projected construction needs, but he must take into consideration monies available for construction from other sources.[9] Other categorical aid includes transportation, community schools, educational leadership training programs, school lunch programs, textbooks, driver education, elementary school counselors, occupational and placement specialists, a safe schools program, and reimbursement to local districts for tax losses resulting from additional homestead exemptions from the property tax.

There were several transitional measures included in the legislation. In 1973-74, the first year of its operation, the required local tax rate was set at approximately 5.4 mills instead

of 7 mills; the cost-of-living indices were slightly different; and there was a hold-harmless provision designed to assure each district would receive at least 5 percent more than the amount which they would have received under the 1972-73 foundation program with a ten mill local tax.[10]

Finally, an independent bill (H. B. 1331) reorganizing the administration of the property tax should be mentioned, because of its potential importance for Florida's school finance system. The bill increases state control over assessment of real estate and encourages the use of computerized analysis and increased training for assessors, with the goal of eliminating uneven assessment practices. Given the charge that "tax revolts" may be due to inequities in property tax administration, such improvements may affect how much revenue is generated as well as the equity of tax burdens.

The new program in Florida is a significant break from the previous one, which allocated state revenue according to a foundation plan on the basis of instructional units -- 27 pupils with adjustments for teacher degrees and experience.[11] The transition to the new program with much greater equalization may well have been facilitated by the structure of districts in Florida. There are 67 county districts, and less inter-district variation in expenditures than in states with more numerous and more homogeneous districts.[12] This suggests that the legislative battle for the new program may have been less heated than it would have been in a state with greater inter-district disparities.[13]

## TABLE 6

### DISTRICT CHARACTERISTICS: FLORIDA

| District Name[1] | Number of Pupils FTE FY 1974 | Title 1 Assistance Per Pupil FY 1973[2] | Adjusted Assessed Valuation Per Pupil (FY 1972) | Median Family Income (1970)[3] | Actual[5] Operating Mill Levy Before Reform (1972-73) | Actual Operating Mill Levy After Reform (1973-74) | % Change | School Tax Burden Before (%)[4] | School Tax Burden After (%) |
|---|---|---|---|---|---|---|---|---|---|
| Broward (Ft. Lauderdale) (S) | 135,621 | 12 | 59,081 | 9,539 | 10 | 10 | – | 5.6 | 4.7 |
| Dade (Miami) (C) | 253,175 | 16 | 55,756 | 9,245 | 10 | 10 | – | 5.0 | 5.3 |
| Dixie (R) | 1,680 | 33 | 22,677 | 5,666 | 10 | 10 | – | 3.2 | 3.3 |
| Duval (Jacksonville) (C) | 110,242 | 22 | 28,694 | 8,671 | 10 | 10 | – | 2.9 | 2.9 |
| Glades (R) | 987 | 37 | 104,489 | na | 8.02 | 7.02 | (12.47) | na | na |
| Hills Borough (Tampa St. Petersburg) (C) | 113,783 | 19 | 107,394 | 8,162 | 10 | 10 | – | 3.7 | 3.0 |
| Holmes (R) | 3,270 | 67 | 14,040 | na | 9 | 10 | 11.11 | na | na |
| Orange (Orlando) (C) | 84,975 | 13 | 35,934 | 8,880 | 10 | 10 | – | 3.2 | 3.6 |
| Palm Beach (C) | 70,721 | 19 | 69,077 | 9,112 | 9.75 | 9.75 | – | 6.3 | 6.5 |
| Sarasota (I) | 22,664 | 10 | 60,417 | 7,739 | 10 | 10 | – | 6.4 | 5.8 |
| Mean | – | 25 | 55,756 | 8,377 | 9.4 | 9.7 | – | 4.5 | 4.4 |
| Maximum/Minimum Ratio | – | 6.7/1 | 7.6/1 | 1.7/1 | 1.2/1 | 1.4/1 | – | 2.2/1 | 2.2/1 |

[1] (C) Central City; (I) Independent City; (S) Suburban; (R) Rural. A "Central City" district is defined as being the key district within a standard metropolitan statistical area (SMSA) with a total population greater than 250,000. A "suburban" district is located within a "Central City" SMSA. "Independent City" districts are those which have populations between 10,000 and 250,000, and are located beyond built-up Central City areas. Finally, "Rural" districts are those districts not located in SMSAs which contain no communities with populations as large as 10,000.

[2] This column represents the district's total Title I assistance divided by the districts total number of pupils.

[3] This column is a school district (not a community) figure derived from 1970 Census data.

[4] School Tax Burden is expressed by the district's local dollar contribution as a percentage of median family income.

[5] These are actual, not equalized millages. The new Florida legislation calls for equalized assessments at 100 percent of market value, however, some caution should still be exercised in making interdistrict comparisons.

## TABLE 7

### DISTRICT REVENUES: FLORIDA

| District Name | Local Revenue Per Pupil (1972-73) | Local Revenue Per Pupil (1973-74) | Local % Change | State Aid Per Pupil (1972-73)[1] | State Aid Per Pupil (1973-74)[1] | State % Change | Total Local and State Revenues Per Pupil (1972-73)[2] | Total Local and State Revenues Per Pupil (1973-74)[2] | Total % Change |
|---|---|---|---|---|---|---|---|---|---|
| Broward (Ft. Lauderdale) (S) | 532 | 451 | (15.3) | 390 | 483 | 23.8 | 922 | 934 | 1.2 |
| Dade (Miami) (C) | 466 | 486 | 4.2 | 414 | 472 | 13.9 | 881 | 958 | 8.8 |
| Dixie (R) | 182 | 188 | 3.4 | 562 | 595 | 6.0 | 744 | 783 | 5.3 |
| Duval (Jacksonville) (C) | 253 | 249 | ( 1.8) | 536 | 608 | 13.3 | 790 | 857 | 8.5 |
| Glades (R) | 526 | 697 | 31.6 | 334 | 115 | (65.6) | 860 | 807 | (6.2) |
| Hillsborough (Tampa—St. Petersburg) (C) | 300 | 245 | (18.4) | 532 | 583 | 9.5 | 833 | 828 | (0.6) |
| Holmes (R) | 99 | 98 | ( 0.7) | 614 | 636 | 3.7 | 712 | 734 | 3.1 |
| Orange (Orlando) (C) | 284 | 324 | 14.0 | 497 | 530 | 6.5 | 781 | 854 | 9.2 |
| Palm Beach (S) | 572 | 596 | 4.1 | 361 | 392 | 8.5 | 933 | 987 | 5.8 |
| Sarasota (I) | 498 | 445 | (10.6) | 417 | 456 | 9.5 | 914 | 901 | (1.5) |
| Mean | 371 | 378 | – | 466 | 487 | – | 837 | 864 | – |
| Maximum/Minimum Ratio | 5.8/1 | 7.1/1 | – | 1.8/1 | 5.5/1 | – | 1.3/1 | 1.3/1 | – |

[1] State Aid excludes categorical aid.

[2] Total of local and state revenue columns. This figure does not include federal aid.

Note on Sources: Title I assistance data was obtained from the U.S. Office of Education and Median Family Incomes were supplied by the Syracuse University Research Corporation. All other data was taken or calculated from statistics supplied by the Florida Senate Education Committee and the Office of the Governor.

## ILLINOIS [1]

The recently enacted school finance bill in Illinois retains the previous Strayer-Haig foundation program, but establishes an important new option for poor, high tax effort school districts. The option is a district power equalizing plan which sets upper limits on the local revenues that are equalized by the state. Hence, the new Illinois program is a hybrid, less equalizing than a statewide DPE plan because of the retention of the foundation program option which wealthy districts may choose, but more equalizing than the previous program because of the DPE option, which the poorer districts may choose.

The old foundation program requires a 8.4 mill local tax [2] and guarantees a basic amount of $520 per pupil. [3] There are two minima which apply. First, every district is guaranteed at least $48 per weighted pupil. Second, if total state aid is less than $120 per weighted pupil, a district is entitled to receive state aid $120 x (47,619/district property value per pupil), where $47,619 is the property valuation per pupil which would yield $400 ($520-120). Another feature of the foundation plan is that it provides a beneficial adjustment for large districts. Any district with an ADA of 10,000 or more weighted pupils receives a density bonus percentage of its $520 guarantee. Small districts (i.e., 100 WADA or less) have a higher qualifying rate and are not favored. These features for large and small districts are not only retained in the foundation program under the new law but apply to new DPE option as well.

Under the new DPE option, each district is guaranteed the yield per mill of school tax effort of a district with property valuation per pupil of $42,000 for unified districts (K-12), $64,615 for elementary districts (K-8), $120,000 for secondary districts (9-12). [4]

Under the new equalization option, there are operating tax rate limitations of 30 mills (K-12), 19.5 mills (K-8), and 10.5 mills (9-12) which can be exceeded only under one of the following conditions: (a) districts previously over these limits must, with certain exceptions, reduce their operating tax rate by only 25 percent of the difference between their previous rate and the applicable rate limit; (b) districts previously spending more than $1260 per Title I weighted ADA pupil may continue to levy higher tax rates to maintain their 1972-73 spending level; and (c) any district may exceed these rate limits in order to increase expenditures for innovative, experimental and enrichment programs up to 15 percent over 1972-73 expenditures. However, a district may exceed its rate limits and increase its spending by more than 15 percent, if it obtains the approval of its voters, but in no case are local taxes in excess of applicable rate limits equalized by the state.

In addition, all pupils eligible for Title I aid are given an additional weighting in calculating state aid under the alternative formula. [5] This provision was designed ostensibly

to provide additional revenues for compensatory education. Yet, only districts with WADA's greater than 10,000 must submit plans to the state education agency to insure that these extra state funds are expended for the improvement of instruction. Significantly, the law does not require that these additional funds be expended solely for compensatory education.

In terms of distributing additional revenue to property-poor districts and to those with large numbers of children from poor families, the Illinois reform with the DPE option is a substantial improvement over the previous foundation program. The extent of the improvement is borne out by the fact that during 1973-74, out of the state's 1990 districts, nearly two-thirds of them, which enrolled more than 85 percent of the state's pupils, elected the DPE option.

However, when compared with the other district power equalizing legislation examined in this report the Illinois law reflects many limitations. The new financing system now in effect in Illinois cannot eliminate the present correlation between school district property valuation (or income) and school resources. That is, although there will be some "leveling up" for property-poor districts, there will still be a tendency for wealthy districts to spend relatively more per pupil. This is so for three reasons. First, the perpetuation of the foundation program (especially the minimum grant of $48) means that even the wealthiest districts will continue to receive state aid. Second, there are no restrictions on local spending for the extremely wealthy districts who do not elect the DPE option, and, for the less wealthy districts (e.g., unified districts with property valuations per pupil in excess of $42,000) who do elect the DPE option, there are no "penalties" in the form of negative matching rates as there would be under a district power equalizing plan with full recapture.

Third, for even less wealthy districts (e.g., unified districts with property valuation per pupil less than $42,000) who elect the DPE option, their state aid cannot be increased more than 125 percent over the previous year. These districts will continue to receive annual increases of up to 125 percent until they are being paid the full amount of their entitlement. While phase in provisions such as these are not uncommon among the legislation studied in this report, in the case of Illinois there is already considerable doubt as to whether additional funds for the second year will be approved by the legislature. Indeed, it is conceivable that allocations under the DPE formula may be frozen at 1973-74 levels.

Thus, about the best that can be said about the new Illinois system is that for 1973-74, there will be some "leveling up" for property-poor districts. Moreover, there will be a continued tendency for wealthy districts to spend substantially more per pupil, and this gap may widen in 1974-75 and subsequent years if the legislature fails to increase its funding of the DPE option.

## TABLE 8

### DISTRICT CHARACTERISTICS: ILLINOIS

| District Name[1] | Number of Pupils WADA (1972-1973) | Title 1 Assistance Per Pupil (1973)[2] | Assessed Valuation Per Pupil (1971) | Median Family Income (1970)[3] | Actual Operating Millage Before Reform (1972)[5] | Actual Operating Millage After Reform | % Change | School Tax Burden Before (%)[4] | School Tax Burden After (%) |
|---|---|---|---|---|---|---|---|---|---|
| Chicago (C) | 500,063 | $ 81 | 26,226 | 10,244 | 27.1 (E) | | | | |
| Rockford (D) | 39,201 | 26 | 22,905 | na | 23.3 (E) | N | N | N | N |
| Peoria (C) | 23,350 | 34 | 26,083 | 10,547 | 21.8 (E) | O | O | O | O |
| Decatur (I) | 19,383 | 30 | 17,774 | 10,196 | 24.5 (E) | T | T | T | T |
| Elmwood Pk (S) | 3,460 | 8 | 25,098 | 12,895 | 31.0 (E) | | | | |
| Evanston Elem. (S) | 8,483 | 18 | 46,744 | 14,531 | 25.5 (E) | A | A | A | A |
| Evanston High (S) | 5,709 | 11 | 69,461 | 14,571 | 24.2 (E) | V | V | V | V |
| Niles Elem. (S) | 8,912 | 3 | 84,461 | | | | | | |
| Niles Elem. (S) | 652 | 6 | 137,272 | na | 11.9 (X) | A | A | A | A |
| Niles High (S) | 8,912 | 3 | 84,568 | 16,314 | 17.0 (E) | I | I | I | I |
| Oak Lawn Elem. (S) | 2,902 | 6 | 20,541 | 12,670 | 17.0 (E) | L | L | L | L |
| Oak Lawn High (S) | 3,484 | 8 | 41,500 | na | 19.3 (E) | A | A | A | A |
| Cicero Elem. (S) | 5,391 | 10 | 62,843 | 11,271 | 17.7 (X) | B | B | B | B |
| New Trier High (S) | 7,515 | 2 | 59,748 | 23,281 | 22.8 (E) | L | L | L | L |
| (N.W. Suburban High) District 214 (S) | 17,263 | 1 | 46,576 | 15,247 | 20.8 (E) | E | E | E | E |
| Central Co. Unit (R) | 1,867 | 11 | 22,370 | na | 18.6 (X) | | | | |
| Waterloo Co. Unit (R) | 2,012 | 13 | 18,363 | na | 18.8 (X) | | | | |
| Gillespie Unit (R) | 1,737 | 14 | 11,867 | na | 22.1 (E) | | | | |
| Meridean (R) | 1,707 | 96 | 4,683 | na | 18.5 (X) | | | | |
| Century Com. Unit (R) | 726 | 114 | 9,005 | na | 24.6 (E) | | | | |
| Galena Unit (R) | 1,252 | 14 | 10,422 | na | 21.3 (E) | | | | |
| Mean | – | 25 | 38,202 | 13,797 | 21.4 | – | – | – | – |
| Maximum/Minimum Ratio | – | 114/1 | 29.3/1 | 2.3/1 | 2.6/1 | – | – | – | – |

[1] (C) Central City; (I) Independent City; (S) Suburban; (R) Rural. A "Central City" district is defined as being the key district within a standard metropolitan statistical area (SMSA) with a total population greater than 250,000. A "suburban" district is located within a "Central City" SMSA. "Independent City" districts are those which have populations between 10,000 and 250,000, and are located beyond built-up Central City areas. Finally, "Rural" districts are those districts not located in SMSAs which contain no communities with populations as large as 10,000.

[2] This column represents the district's total Title I assistance divided by the districts total number of pupils.

[3] This column is a school district (not a community) figure derived from 1970 Census data.

[4] School Tax Burden is expressed by the district's local dollar contribution as a percentage of median family income.

[5] (E) designates districts electing the DPE option for 1973-74. (X) designates districts remaining under the foundation plan. Note that several poor rural areas still elected the foundation plan due to their very low tax rates.

## TABLE 9

### DISTRICT REVENUE: ILLINOIS

| District Name | Local Revenue Per Pupil (1972-73) | Local Revenue Per Pupil (1973-74) | Local % Change | State Aid Per Pupil (1972-73)[1] | State Aid Per Pupil (1973-74)[1] | State % Change | Total Local and State Revenue Per Pupil (1972-73) | Total Local and State Revenue Per Pupil (1973-74) | Total % Change |
|---|---|---|---|---|---|---|---|---|---|
| Chicago (C) | | | | 383 | 461 | 20.4 | | | |
| Rockford (C) | | | | 407 | 428 | 5.2 | | | |
| Peoria (C) | | | | 339 | 364 | 7.4 | | | |
| Decatur (I) | N | N | N | 421 | 478 | 13.5 | N | N | N |
| Elmwood Pk (S) | O | O | O | 308 | 348 | 13.0 | O | O | O |
| Evanston Elem. (S) | T | T | T | 184 | 235 | 27.7 | T | T | T |
| Evanston High (S) | | | | 98 | 127 | 29.6 | | | |
| Niles Elem (S) | A | A | A | 60 | 66 | 10.0 | A | A | A |
| Niles High (S) | V | V | V | 84 | 103 | 22.6 | V | V | V |
| Oak Lawn Elem (S) | A | A | A | 435 | 501 | 15.2 | A | A | A |
| Oak Lawn High (S) | I | I | I | 204 | 249 | 22.1 | I | I | I |
| Cicero Elem (S) | L | L | L | 113 | 124 | 9.7 | L | L | L |
| New Trier High (S) | A | A | A | 114 | 125 | 9.7 | A | A | A |
| (N.W. Suburban High) | B | B | B | | | | B | B | B |
| District 214 (S) | L | L | L | 244 | 238 | ( 2.5) | L | L | L |
| Central Co. Unif (R) | E | E | E | 339 | 325 | ( 4.1) | E | E | E |
| Waterloo Co. Unif (R) | | | | 383 | 453 | 18.3 | | | |
| Gillespie Unif (R) | | | | 475 | 493 | 3.8 | | | |
| Meridian (R) | | | | 564 | 708 | 25.5 | | | |
| Century Com Unif (R) | | | | 521 | 657 | 26.1 | | | |
| Galenc Unif (R) | | | | 485 | 541 | 11.6 | | | |
| Mean | – | – | – | 308 | 351 | – | – | – | – |
| Maximum/Minimum Ratio | – | – | – | 9.4/1 | 10.7/1 | – | – | – | – |

[1] General Fund revenue. Categorical aid is not included

Note on Sources: Title I assistance data was obtained from the U.S. Office of Education and Median Family Incomes were supplied by the Syracuse University Research Corporation. All other data was taken or calculated from statistics provided by the Finance and Claims Section, Office of the Illinois Superintendent of Instruction.

## KANSAS [1]

Last year's changes in Kansas' system of school aid were prompted in part by the decision in Caldwell v. Kansas [2] which ruled that existing methods of financing schools were unconstitutional on both state and federal grounds. The court gave the legislature until July 1, 1973 to devise a new school financing program. The legislature responded with a financing system which relies on a district power equalizing formula designed to narrow the range of possible expenditure levels among districts.

The new Kansas program, undoubtedly the most complicated of the reforms examined in this report, is keyed to each district's budget. The formula employs several complex indices and is therefore difficult to explain. To calculate state aid under the new formula, each district begins with its legal maximum general fund budget, which is determined by the local board of education within the limits of the state's controls on budget expansion. From this maximum budget is substracted the product of the following computation: "district wealth" multiplied by the "local effort rate."

The meanings of the two concepts included in this computation require some explanation. First, "district wealth" is a figure equal to a school district's income (i.e., taxable income of resident individuals under the Kansas income tax law), plus its real estate valuation, (the district's fair market value adjusted to 30% according to the State Property Valuation Division's annual study). Second, a district's "local effort rate," a surrogate or fictional tax rate, is determined by the extent to which a district's per pupil budget deviates from what is called a "norm budget." This norm budget, in effect, serves as the basis for the state's power equalization formula. If a district's budget per pupil is the same as the norm budget for its enrollment category then the district's "local effort" is set at 1.5 percent of the "district wealth." If the district's budget is either larger or smaller than the norm, then the local effort percentage is adjusted upward or downward from 1.5 percent in proportion to the budget variance. For instance, a district with less than 400 pupils in 1973-74, which sets its budget at twice the norm, or $1,872 per pupil, would have twice the local effort rate, or 3.0 percent. As this example indicates "norm" budgets are varied according to district enrollments to compensate for presumed diseconomies of small districts. [3] For 1973-74 the norm budget per pupil is set as $936 for districts with fewer than 400 pupils, $728 for districts with enrollments above 1300 pupils, and a sliding scale between $936 and $728 is established for districts between 400 and 1300 enrollment. [4]

Since there is no non-matching aid distributed for general purposes, the unrestricted operation of the formula might produce large budget disparities. However, there is a limitation on the permissible rate of growth of expenditures, designed to narrow existing disparities over time. No district may spend more than 115% of the previous year's budget per pupil (BPP) or more than 105% of the previous year's median BPP among districts in the same enrollment category, whichever is less; except that any district can increase its BPP by 5%. The intent is to restrict high spending districts to a 5% increase per year, while permitting lower-spending districts up to a 15% per year increase, thus narrowing expenditure disparities over time. However, there is a major exception to these restrictions: upon approval by voters, any district can increase its BPP beyond these limits to the BPP in the preceeding year of the district which had the highest BPP in the enrollment category as long as the increase does not exceed 15% of the previous year's expenditures. Clearly, this exception weakens the new bill's power to narrow existing disparities. 5/

The new Kansas program contains two provisions which govern revenue sources. The first requires districts to share the burden of both a 2 mill county school foundation property tax and the district's share of an intangibles tax. The amounts available to districts through these taxes are also substracted from the maximum general fund budget in calculating state aid to local districts. Both of these taxes are effectively state taxes, since the rate at which property and intangibles are taxed is constant throughout the state. Since local collections of these two taxes does not affect available revenues among districts, local districts serve merely as state tax collectors.

The second revenue provision returns 10% of the state income tax generated in each district to the schools. Since these income tax rebates are not a part of the equalization formula, they are added after state aid has been computed and, thus, amount to a state aid supplement. These additional funds cannot be used to increase the maximum budget; rather they will be used primarily to supplant the local property tax. Note, therefore, that the district power equalizing formula is statutorily defined in terms of the chosen budget per pupil rather than the local tax rate, since the tax rate would be affected differently from district to district by the amount of revenue available under the state-required personal income tax.

There is a final adjustment to the amount of state aid. Each district's federal impact aid (frequently referred to by its statutory citation of "P.L. 874" aid) is substracted from the locally-chosen budget per pupil in the determination of levels of state aid. The rationale appears to be the avoidance of a kind of double-counting. Districts which receive P.L. 874 aid are presumed to have relatively low property valuation per pupil because of the presence of tax-exempt federal property with large numbers of federal employees and their school-attending dependents. Low property valuation per pupil is considered in the equalization provision of the state's formula. Thus, since P.L. 874 aid is intended to compensate for such lack of taxable valuation, it is included in local effort to avoid double reimbursement for the presence of tax-exempt federal property. The U.S. Office of Education has indicated that the inclusion of P.L. 874 aid would be considered illegal; however, Congress enacted special legislation which permitted it to be included for the 1973-74 school year when the purpose of the state aid formula was to achieve equalization of resources. Currently there are steps being taken in Congress to permit this inclusion in future years as well.

As in Florida, the shift to a more equalizing formula has been accompanied by increased state appropriations: the present estimate for 1973-74 is $180.8 million in total state aid: $157.8 million in general aid, $11 million for the income tax rebate and $12 million in transportation aid. This amounts to an increase over 1972-73 levels of $76.3 million, of which $59.3 million goes to increases in general aid, $11 million for the new income tax rebate and $6 million to increased transportation aid. It is estimated that the state will end up providing about 43% of total school general fund budgets (from general aid and the income tax) as compared to approximately 28% in 1972-73.

The previous program was basically a foundation program, with a wrinkle: local shares depended inversely on income as well as property valuation. But it was not a power equalizing formula since all state aid was non-matching rather than the matching aid with variable matching rates, which characterize DPE programs. Without knowing more about the previous distribution of revenues, it is difficult to know what the magnitude of the changes caused by the new bill will be. However, inferring from data on previous disparities (in Bendixsen (1)) and from the structure of the new program, it appears that the stimulus of the Caldwell decision prompted a truly significant shift in the patterns of school financing in Kansas.

## TABLE 10

### DISTRICT CHARACTERISTICS: KANSAS

| District Name[1] | Enrollment (1973-74) | Title 1 Assistance Per Pupil (1972-73)[2] | Wealth Per Pupil (1972)[5] | Median Family Income (1970)[3] | Actual Operating Millage Before Reform (1972-73)[6] | Actual Operating Millage After Reform (1973-74) | % Change | School Tax Burden Before (%)[4] | School Tax Burden After (%) |
|---|---|---|---|---|---|---|---|---|---|
| Elwood (R) | 304 | $37 | 11,967 | na | 50.7 | 17.7 | (65.0) | na | na |
| Minneola (R) | 287 | 19 | 60,164 | na | 16.3 | 23.0 | 41.1 | na | na |
| Pleasanton (R) | 391 | 44 | 24,592 | na | 38.2 | 20.4 | (46.6) | na | na |
| Ashland (R) | 399 | 20 | 55,935 | na | 20.1 | 28.1 | 39.8 | na | na |
| Mullinville (R) | 197 | 17 | 80,319 | na | 14.4 | 25.4 | 76.4 | na | na |
| Moscow (R) | 147 | 18 | 146,518 | na | 13.2 | 13.6 | 3.0 | na | na |
| Galena (R) | 975 | 43 | 9,269 | na | 55.1 | 5.6 | (89.8) | na | na |
| Hugoton (R) | 877 | 18 | 79,926 | na | 15.5 | 16.1 | 3.9 | na | na |
| Rose Hill (R) | 651 | 11 | 12,071 | 8,368 | 38.9 | 11.8 | (69.7) | 4.3 | 2.3 |
| Kismet (R) | 597 | 19 | 61,652 | na | 18.6 | 28.7 | 54.3 | na | na |
| McLouth (R) | 499 | 15 | 19,814 | na | 37.4 | 16.9 | (54.8) | na | na |
| Sublette (R) | 516 | 14 | 72,056 | na | 19.9 | 23.8 | 19.6 | na | na |
| Wichita (C) | 50,997 | 31 | 23.086 | 9,562 | 45.4 | 33.6 | (26.0) | 5.3 | 4.9 |
| Shawnee Mission (S) | 41,086 | 4 | 31,444 | 14,036 | 52.2 | 44.4 | (14.9) | 4.1 | 4.0 |
| Kansas City (C) | 30,630 | 41 | 21,582 | 9,024 | 46.7 | 28.7 | (38.5) | 4.3 | 3.5 |
| Topeka (I) | 20,138 | 20 | 25,653 | 9,699 | 46.2 | 35.8 | (22.5) | 4.8 | 4.3 |
| Salina (S) | 9,265 | 14 | 17,800 | 8,624 | 36.5 | 27.0 | (26.0) | 3.3 | 3.1 |
| Coffeyville (S) | 3,451 | 36 | 17,222 | 7,461 | 36.1 | 14.5 | (59.8) | 4.2 | 2.7 |
| De Soto (S) | 1,748 | 22 | 19,152 | 9,347 | 60.5 | 38.2 | (36.9) | 4.3 | 3.2 |
| Ulysses (S) | 1,682 | 8 | 61,743 | 8,967 | 18.7 | 21.8 | 16.6 | 10.0 | 9.7 |
| Mean | – | 23 | 42,598 | 9,454 | 34.0 | 24.1 | – | 5.0 | 4.2 |
| Maximum/Minimum Ratio | – | 11.0/1 | 15.8/1 | 1.9/1 | 4.6/1 | 7.9/1 | – | 3.0/1 | 4.2/1 |

[1] (C) Central City; (I) Independent City; (S) Suburban; (R) Rural. A "Central City" district is defined as being the key district within a standard metropolitan statistical area (SMSA) with a total population greater than 250,000. A "suburban" district is located within a "Central City" SMSA. "Independent City" districts are those which have populations between 10,000 and 250,000, and are located beyond built-up Central City areas. Finally, "Rural" districts are those districts not located in SMSAs which contain no communities with populations as large as 10,000.

[2] This column represents the district's total Title I assistance divided by the districts total number of pupils.

[3] This column is a school district (not a community) figure derived from 1970 Census data.

[4] School Tax Burden is expressed by the district's local dollar contribution as a percentage of median family income.

[5] District adjusted valuation plus the income of resident individuals divided by the number of pupils.

[6] Note that these are actual, not adjusted or equalized millages. 1973 equalized valuations are not yet available. Therefore, caution must be exercised in making comparisons of tax rates between or among districts.

## TABLE 11

### DISTRICT REVENUES: KANSAS

| District | Local Revenues Per Pupil (1972-73) | Est. Local Revenues Per Pupil (1973-74) | Local % Change | State Aid Per Pupil (1972-73)[1] | State Aid Per Pupil 1973-74)[1] | State % Change | Est. 10% Rabate of State Income Tax Per Pupil (1973-74) | Totai State and Local Revenue Per Pupil (1972-73)[2] | Total Est. State and Local Revenue Per Pupil (1973-74)[2] | Total % Change |
|---|---|---|---|---|---|---|---|---|---|---|
| Elmwood (R) | 330 | 211 | (36.0) | 315 | 636 | 101.6 | $ 5 | 645 | 859 | 31.9 |
| Minneola (R) | 754 | 1,022 | 35.5 | 116 | 0 | (100) | 21 | 870 | 1,045 | 19.9 |
| Pleasanton (R) | 495 | 391 | (21.0) | 242 | 446 | 84.5 | 21 | 737 | 860 | 16.4 |
| Ashland (R) | 843 | 1,126 | 32.7 | 125 | 25 | ( 79.8) | 30 | 974 | 1,181 | 21.3 |
| Mullinville (R) | 139 | 1,362 | ( 2.6) | 53 | 0 | (100 ) | 18 | 1,450 | 1,380 | (4.9) |
| Moscow (R) | 1,490 | 1,824 | 22.4 | 53 | 0 | (100 ) | 29 | 1,542 | 1,852 | 20.1 |
| Galena (R) | 264 | 130 | (50.6) | 220 | 477 | 116.5 | 8 | 484 | 616 | 27.2 |
| Hyoton (R) | 992 | 1,114 | 12.3 | 78 | 0 | (100 ) | 31 | 1,070 | 1,145 | 7.1 |
| Rose Hill (R) | 360 | 191 | (46.8) | 244 | 538 | 120.7 | 9 | 604 | 738 | 22.3 |
| Kismet (R) | 900 | 1,174 | 30.5 | 221 | 0 | (100 ) | 19 | 1,121 | 1,192 | 6.4 |
| McLouth (R) | 348 | 232 | (33.5) | 248 | 449 | 81.2 | 11 | 596 | 692 | 16.0 |
| Sublette (R) | 979 | 1,044 | 6.7 | 127 | 0 | (100 ) | 33 | 1,106 | 1,077 | (2.5) |
| Wichita (C) | 509 | 468 | ( 7.9) | 222 | 439 | 97.4 | 21 | 731 | 941 | 28.7 |
| Shawnee Mission (S) | 581 | 564 | ( 2.8) | 151 | 248 | 64.4 | 33 | 732 | 845 | 15.5 |
| Kansas City (C) | 386 | 313 | (18.7) | 178 | 380 | 113.2 | 34 | 564 | 714 | 26.7 |
| Topeka (I) | 463 | 421 | ( 9.0) | 191 | 355 | 86.1 | 42 | 654 | 818 | 25.1 |
| Saline (S) | 285 | 263 | ( 7.6) | 231 | 346 | 49.7 | 24 | 516 | 633 | 22.6 |
| Coffeyville (S) | 313 | 199 | (36.4) | 240 | 408 | 70.3 | 24 | 552 | 630 | 14.2 |
| Desoto (S) | 398 | 300 | (24.7) | 167 | 376 | 125.4 | 11 | 565 | 687 | 21.6 |
| Ulysses (S) | 899 | 872 | ( 3.0) | 64 | 0 | (100 ) | 25 | 963 | 897 | (6.9) |
| Mean | 586 | 661 | – | 174 | 256 | – | 22 | 824 | 940 | – |
| Maximum/Minimum Ratio | 10.7/1 | 14.0/1 | – | 5.9/1 | 636.0/1 | – | 8.4/1 | 3.2/1 | 3.0/1 | – |

[1] General and supplemental aid excluding categorical and income tax rebate aid.

[2] Sum of local, state and rebate columns. Federal aid is not included.

Note on Sources: Title I assistance data was obtained from the U.S. Office of Education and Median Family Incomes were supplied by the Syracuse University Research Corporation. All other data was taken or calculated from statistics supplied by the Legislative Research Department of the Kansas legislature.

## MAINE [1/]

Maine's new state aid program allocates a rather high amount of non-matching aid per pupil, and provides smaller amounts of matching aid under a percentage equalizing formula. Of all the percentage equalizing formulas described in this report, Maine's is the only one which provides for full recapture. However, there are other adjustments and save-harmless provisions which are likely -- at least in the short run -- to render the recapture provisions ineffective. The intent of the new aid package is to increase the state's share of educational expenditures to 60 percent (from 35 percent in 1972-73) over a period of three years -- but with the caveat that the State Board of Education "shall be conscious of the need for prudent restraint in educational financing."

The basic allocation to each district amounts to $600 per elementary pupil and $915 per secondary pupil, plus the amounts spent for special education, vocational education, transportation, capital outlay, and debt service the previous year. (The $600 and $915 figures are specified to apply to the 1974-75 school year only; in subsequent years these amounts will be set at the state average as determined by actual expenditures).

The allocation for elementary and secondary pupils may be adjusted in various ways. The first of these adjustments is essentially a phase-in provision: if a district spent less than the state average the preceeding year, the allocation per pupil is its previous year's expenditures plus 1/3 of the difference between this and the state average cost. If a district's expenditures per pupil was greater than the state average, its allocation will be the state average expenditure plus one-half of the difference between its expenditure per pupil and the state average. This adjustment has the effect of retaining variations in expenditures which correlate with the previous expenditure patterns among the districts.

A second adjustment to the basic aid allocation may be made in the case of districts declared by the state board of education to be geographically isolated. Finally, there is a save-harmless provision which permits any districts to levy additional local taxes to maintain expenditures per pupil at its 1973-74 levels. Over time, the applicability of this exception should decrease as expenditure levels increase.

Each district is required to levy a state-mandated tax rate, calculated as that rate which will raise 50 percent of total required state revenues for education. Since there is full recapture on this tax, it is in effect a state-wide property tax. For the 1974-75 school year (the first full school year under the new plan) this rate has been calculated to be 14 mills.

There is a save-harmless clause which applies to the tax requirements: No district will be required to increase its tax rate by more than 2 1/2 mills per year in order to meet the 14 mill required rate; in such cases state funds will be provided as if the district were taxing at 14 mills. This will apply largely to wealthy towns whose present tax rates are substantially less

than 14 mills at 100 percent equalized valuation.

The portions of Maine's new system described thus far deal only with non-matching aid. Matching aid is also distributed to all districts according to a provision which allows each district to levy a local tax, in addition to those mentioned so far, of up to 2 1/2 mills, with a guarantee per mill of $50 per pupil.[2] There is full recapture under this provision; that is, all districts with property valuations per pupil greater than $50,000 must remit revenue to the state if they choose to raise additional funds under this matching provision.

Without knowing more about the current distribution of property valuation and expenditures in the state, it is difficult to know what the real effect of the bill will be, especially in the first three "phase-in" years. However, it is clear that the purpose of the bill is to increase the average level of state support from 35 percent to 60 percent. In addition, aside from the adjustments in the form of save-harmless clauses, which usually work against equalizing tendencies of state aid programs -- permissible expenditure variations have been restricted to those relatively small amounts that will be disbursed under the bill's matching provisions.

Finally, a separate bill was passed designed to strengthen the administration of the property tax. This bill, which is important to the equity of a school finance program that relies so heavily on local property valuation, provides for certification and increased training of assessors, and strengthens the control of the state over the assessment process.

## TABLE 12

### DISTRICT CHARACTERISTICS: MAINE

| District Name[1] | Adjusted Average Resident Pupils (1973) | Title 1 Assistance Per Pupil (1973)[2] | Adjusted Valuation Per Pupil (1974)[5] | Median Family Income (1970)[3] | Equalized[6] Operating Millage Before Reform (Calendar 1973) | Maximum[7] Operating Millage After Reform (for 1974-75) | % Change | School Tax Burden Before (%)[4] | School Tax Burden After (%) |
|---|---|---|---|---|---|---|---|---|---|
| Auburn (I) | 6,090 | 19 | 24,466 | 8,870 | 17.7 | 16.5 | ( 6.8) | 4.9 | 3.9 |
| Bangor (I) | 6,680 | 30 | 29,176 | 8,014 | 20.9 | 18.1 | (13.4) | 7.6 | 5.1 |
| Lewiston (I) | 7,178.5 | 23 | 37,222 | 8,065 | 15.6 | 16.5 | 5.8 | 7.2 | 6.5 |
| Portland (I) | 12,608.5 | 38 | 42,906 | 8,456 | 17.8 | 19.2 | 7.9 | 9.0 | 7.1 |
| Westbrook (S) | 3,532 | 13 | 43,600 | 9,705 | 16.2 | 17.9 | 10.5 | 7.3 | 6.3 |
| Falmouth (S) | 1,653 | 6 | 41,016 | 11,554 | 21.8 | 19.7 | ( 9.6) | 7.7 | 5.0 |
| Brewer (S) | 2,353 | 11 | 28,600 | 9,235 | 17.8 | 16.5 | ( 7.3) | 5.5 | 4.3 |
| SAD #2 (R) | 511 | 20 | 25,166 | 7,647 | 19.7 | 16.6 | (15.7) | 6.5 | 4.6 |
| SAD #4 (R) | 1,064.5 | 29 | 14,692 | 6,858 | 23.8 | 16.9 | (29.0) | 5.2 | 3.0 |
| SAD #32 (R) | 804.5 | 31 | 14,990 | 7,672 | 20.9 | 16.5 | (21.1) | 4.1 | 2.7 |
| SAD #61 (R) | 1,775 | 23 | 51,256 | 8,012 | 15.1 | 17.0 | (12.6) | 9.7 | 9.0 |
| Mean | – | 22 | 32,099 | 8,553 | 18.8 | 17.4 | – | 6.8 | 5.2 |
| Maximum/Minimum Ratio | – | 6.3/1 | 3.5/1 | 1.7/1 | 1.6/1 | 1.2/1 | – | 2.4/1 | 3.3/1 |

[1] (C) Central City; (I) Independent City; (S) Suburban; (R) Rural. A "Central City" district is defined as being the key district within a standard metropolitan statistical area (SMSA) with a total population greater than 250,000. A "suburban" district is located within a "Central City" SMSA. "Independent City" districts are those which have populations between 10,000 and 250,000, and are located beyond built-up Central City areas. Finally, "Rural" districts are those districts not located in SMSAs which contain no communities with populations as large as 10,000.

[2] This column represents the district's total Title I assistance divided by the district's total number of pupils.

[3] This column is a school district (not a community) figure derived from 1970 Census data.

[4] School Tax Burden is expressed by the district's local dollar contribution as a percentage of median family income.

[5] District property valuation adjusted to 100% of market value divided by the number of pupils.

[6] Based on 100% adjusted valuation.

[7] The 1973-74 school year is a transition year for the new program. The 1974-75 school year is the first full school year under the new law and actual tax rates are not yet available. The figures on the chart represent the maximum allowable rates for these districts for 1974-75. Note that the minimum tax rate for all districts is 14 mills under the new program. Up to 2.5 additional mills may be levied at the discretion of the local voters. Maximum millages in excess of 16.5 are due to special provisions in the law and a special appeal process.

## TABLE 13

### DISTRICT REVENUES: MAINE

| District Name | Local Revenues Per Pupil (Calendar 1973)[1] | Minimum Local Revenues Per Pupil (1974-75)[2] | Maximum Local Revenues Per Pupil (1974-75)[3] | State Aid Per Pupil (Calendar 1973)[4] | Minimum State Aid Per Pupil (1974-75)[5] | Maximum State Aid Per Pupil (1974-75)[6] | Total Local and State Revenues Per Pupil (Calendar 1973)[7] | Minimum Total Local and State Revenues Per Pupil (1974-75)[7] | Maximum Total Local and State Revenues Per Pupil (1974-75)[7] |
|---|---|---|---|---|---|---|---|---|---|
| Auburn (I) | 433 | 343 | 404 | 178 | 363 | 427 | 612 | 706 | 831 |
| Bangor (I) | 608 | 408 | 528 | 160 | 380 | 432 | 768 | 788 | 960 |
| Lewiston (I) | 581 | 521 | 614 | 101 | 151 | 182 | 682 | 672 | 796 |
| Portland (I) | 763 | 601 | 824 | 134 | 312 | 330 | 897 | 913 | 1,154 |
| Westbrook (S) | 707 | 610 | 780 | 115 | 278 | 294 | 822 | 888 | 1,074 |
| Falmouth (S) | 891 | 574 | 808 | 143 | 400 | 423 | 1,035 | 975 | 1,231 |
| Brewer (S) | 509 | 400 | 472 | 156 | 352 | 406 | 665 | 753 | 878 |
| SAD #2 (R) | 496 | 352 | 418 | 260 | 442 | 504 | 756 | 794 | 922 |
| SAD #4 (R) | 357 | 206 | 248 | 425 | 720 | 808 | 782 | 926 | 1,056 |
| SAD #32 (R) | 313 | 210 | 247 | 363 | 581 | 669 | 676 | 791 | 916 |
| SAD #61 (R) | 775 | 718 | 843 | 87 | 229 | —[8] | 862 | 947 | 947 |
| Mean | 585 | 449 | 562 | 193 | 383 | 407 | 778 | 832 | 979 |
| Maximum/Minimum Ratio | 2.5/1 | 3.4/1 | 3.4/1 | 4.9/1 | 4.8/1 | 4.4/1 | 1.7/1 | 1.5/1 | 1.5/1 |

[1] Maine districts operate on a calendar rather than fiscal year.

[2] This column represents the required local revenue under the 14 mill mandatory tax.

[3] This column represents the maximum local revenue corresponding to the maximum tax rates listed in Table 12. Both the 2½ mill voter leeway and special authorizations are included. It is not yet known if districts will choose to tax at the maximum millage or at some point between 14 mills and the maximum, thus, these figures represent the parameters on district choice rather than actual amounts.

[4] General state aid — categorical aid is not included.

[5] This is the minimum state aid for districts taxing at the 14 mill mandatory rate. Categorical aid is included in this fiture.

[6] This amount represents the minimum state aid plus the amount of state equalization aid that a district would receive under the 2½ mill voter leeway provision if it taxed at its maximum allowable rate (see rates in Table 12).

[7] Sum of the respective local and state revenue columns. Federal aid is not included.

[8] Due to its high property valuation per pupil, S.A.D. #61 receives no additional state aid under the 2½ mill equalization provision. In fact, as the law now stands a small amount of money may have to be paid into the state by S.A.D. #61 under the recapture provision.

Note on Sources: Title I assistance data was obtained from the U.S. Office of Education and Median Family Incomes were supplied by the Syracuse University Research Corporation. All other data was taken or calculated from statistics supplied by the Director of the Division of Management Information, Maine Department of Education.

## MICHIGAN [1]

The recent finance reforms in Michigan are of particular interest because they were prompted in part by litigation. On December 29, 1972 the Michigan Supreme Court ruled that the previous financing system was unconstitutional under selected provisions of the Michigan constitution.[2] Extensive legislative activity ensued, and, less than eight months after the Michigan Supreme Court's decision, the legislature enacted and the Governor signed a new school finance law which established a percentage equalizing system without negative matching rates. This new system guarantees a minimum yield per mill of tax. However, since it fails to establish a maximum yield per mill, it does not necessarily equalize the yield among all districts with similar tax efforts.

The basic formula for the distribution of state general-purpose revenue under the new Michigan system guarantees each district a minimum yield per mill of $38 per pupil.[3] For 1973-74, the tax rate cannot exceed 22 mills, and for 1974-75, it must be less than 25 mills.[4] Beginning with the 1975-76 school year, the equalized tax rate is unlimited. In addition, the guaranteed minimum yield of $38 rises to $39 in 1974-75 and $40 in 1975-76. However, as noted, the new formula lacks a recapture provision and therefore permits "wealthy" districts (i.e., for 1973-74, those with property valuation per pupil above $38,000) to raise as much revenue with their own tax base as they desire.

The new formula includes several significant save-harmless provisions as transitional measures. Districts levying less than 20 mills are credited with two-thirds of their deficiency under 20 mills in computing state aid in 1973-74, and with 1/3 of this deficiency in 1974-75. Conversely, districts levying more than 20 mills are guaranteed an amount equal to their 1973-74 aid per pupil minus the amount which 20 mills would raise if applied to the increase in property valuation in 1973-74.[5] Additionally, the state's largest district, Detroit, was authorized through separate legislation to levy a local income tax of up to 1 percent, which under the new state aid formula is to be considered as the equivalent of a 6 1/2 mill contribution whenever the total local levy drops below 22 mills.[6] Conceivably, future developments could dictate consideration of similar alternatives for other districts.

One of the most interesting aspects of the new bill is a provision which seeks to adjust the fiscal consequences of "municipal overburden" (i.e., relatively high tax rates for non-educational municipal services). This provision allocates additional state aid to those districts in which local tax rates for non-school purposes are substantially higher than the corresponding state average. Under this provision, a district's non-school tax rate is computed as its total local taxes minus taxes levied for school operation purposes, divided by its local property valuation.[7] If a district's non-school tax rate is greater than 125 percent of the state average non-school rate, its local property valuation used in calculating state aid is reduced accordingly.[8]

so that it will receive relatively more state aid. While such a formula is capable of directing revenues to those districts which are characterized by municipal overburden,[9] 125 percent is actually a fairly high threshold figure. That is, Detroit is at present the primary beneficiary.[10]

Another unique feature of the new bill is the way it seeks to equalize local revenues levied for capital outlay and debt retirement. This novel use of district power equalizing works in the following way. A district's prior year tax rates for capital outlay and debt service will be guaranteed a $37 mill yield, but with a 22-mill limitation applying to combined operating and bonding millage.[11] Each district receiving state aid under this provision will be required to apply these funds specifically to accelerate its debt retirement and to lower its bonding millage to the fullest extent such application permits. In 1975-76, bonding millage will be reimbursed on a prior year basis with a $39 per pupil per mill guarantee and a 25 mill limitation applying to combined operating and bonding millage. As in the case of general purpose aid, excess funds generated by wealthy districts apparently need not be remitted to the state.

The Michigan legislature also enacted[12] two bills designed both to change the structure of state and local taxes in Michigan and to reduce certain tax rates. The change most relevant to school finance is the circuit breaker appended to the state income tax, designed to reduce the regressivity of the property tax. In the basic schedule available to all residents, both homeowners and renters, the state refunds 60 percent of property taxes which exceed 3.5 percent of total income. Other schedules, with higher levels of relief, are available for those over 65, and to disabled veterans and the blind who are homeowners. This measure is, of course, directed towards reducing certain inequities in the property tax which affect individuals.[13] While it was not designed as a massive replacement of local reliance on the property tax with state taxes, it does have the practical effect of relieving unusual local tax burdens for both school and non-school purposes.

## TABLE 14

### DISTRICT CHARACTERISTICS: MICHIGAN

| District Name[1] | Number of Pupils ADA (1973-74) | Title 1 Expenditure Per Pupil[2] (1973) | State Equalized Valuation Per Pupil (1973-74) | Median Family Income (1970)[3] | Equalized Operating Millage Before Reform (1972-73) | Equalized Operating Millage After Reform (1973-74) | % Change | School Tax Burden Before (%)[4] | School Tax Burden After (%) |
|---|---|---|---|---|---|---|---|---|---|
| Detroit (C) | 274,500 (est.) | $68 | 21,154 | 10,045 | 15.5 | 22.0 | 41.9 | 3.2 | 4.6 |
| Flint (C) | 42,247 | 42 | 24,515 | 10,161 | 29.2 | 30.7 | 5.1 | 6.4 | 7.4 |
| Dearborn (I) | 19,322 | 10 | 55,607 | 13,243 | 25.9 | 27.4 | 5.8 | 9.7 | 11.5 |
| Grand Rapids (C) | 34,316 | 42 | 23,112 | 9,976 | 27.1 | 27.1 | – | 6.0 | 6.3 |
| Lansing (C) | 32,217 | 32 | 23,041 | 10,895 | 30.0 | 30.0 | – | 5.9 | 6.3 |
| Kalamazoo (C) | 16,032 | 33 | 31,397 | 10,253 | 34.0 | 34.0 | – | 9.8 | 10.4 |
| Grosse Pointe (S) | 11,752 | 3 | 39,995 | na | 30.7 | 31.4 | 2.4 | na | na |
| Livonia (S) | 35,858 | 4 | 24,953 | 14,927 | 28.9 | 28.9 | – | 4.3 | 4.8 |
| Taylor (S) | 21,913 | 15 | 18,015 | 11,914 | 31.7 | 31.7 | – | 4.5 | 4.8 |
| Warren Cons (S) | 34,094 | 3 | 21,902 | 14,462 | 26.6 | 26.6 | -- | 3.8 | 4.0 |
| Utica (S) | 25,702 | 4 | 18,407 | 13,662 | 26.3 | 26.6 | 1.3 | 2.9 | 3.6 |
| Royal Oak (S) | 15,962 | 11 | 24,254 | 13,675 | 32.8 | 27.0 | (15.3) | 5.3 | 4.9 |
| South Lake (S) | 5,257 | 9 | 25,403 | 13,601 | 28.6 | 28.0 | ( 1.7) | 4.8 | 5.2 |
| Rudyard (R) | 2,387 | 6 | 3,342 | na | 10.1 | 15.6 | 55.2 | na | na |
| Alcona Com. (R) | 1,468 | 23 | 32,086 | na | 16.8 | 20.0 | 19.0 | na | na |
| Benzie Co. Cent. (R) | 1,895 | 19 | 26,858 | na | 18.5 | 18.5 | – | na | na |
| Osceola (R) | 461 | 14 | 11,565 | na | 18.0 | 18.7 | 3.9 | na | na |
| Mean | – | 20 | 25,036 | 12,235 | 25.3 | 26.1 | – | 5.6 | 6.2 |
| Maximum/Minimum Ratio | – | 22.7/1 | 16.6/1 | 1.5/1 | 3.4/1 | 2.2/1 | -- | 3.4/1 | 3.2/1 |

[1] (C) Central City; (I) Independent City; (S) Suburban; (R) Rural. A "Central City" district is defined as being the key district within a standard metropolitan statistical area (SMSA) with a total population greater than 250,000. A "suburban" district is located within a "Central City" SMSA. "Independent City" districts are those which have populations between 10,000 and 250,000, and are located beyond built-up Central City areas. Finally, "Rural" districts are those districts not located in SMSAs which contain no communities with populations as large as 10,000.

[2] This column represents the district's total Title I assistance divided by the district's total number of pupils.

[3] This column is a school district (not a community) figure derived from 1970 Census data.

[4] School Tax Burden is expressed by the district's local dollar contribution as a percentage of median family income.

## TABLE 15

### DISTRICT REVENUES: MICHIGAN

| Michigan Districts | Local Property Tax Revenue Per Pupil (1972-73) | Local Property Tax Revenue Per Pupil (1973-74) | Local % Change | State Aid Per Pupil (1972-73)[1] | State Aid Per Pupil (1973-74)[1] | State % Change | Total Local Property and State Revenue Per Pupil (1972-73)[2] | Total Local Property and State Revenue Per Pupil (1972-73)[2] | Total % Change |
|---|---|---|---|---|---|---|---|---|---|
| Detroit (C) | 318 | 466 | 46.5 | 441 | 512 | 16.0 | 759 | 978 | 28.8 |
| Flint (C) | 650 | 753 | 15.8 | 347 | 359 | 3.1 | 997 | 1,111 | 11.4 |
| Dearborn (I) | 1,285 | 1,524 | 18.6 | 42 | 40 | ( 3.6) | 1,327 | 1,564 | 17.9 |
| Grand Rapids (C) | 601 | 626 | 4.3 | 375 | 414 | 10.3 | 976 | 1,040 | 6.6 |
| Lansing (C) | 639 | 691 | 8.1 | 372 | 400 | 7.4 | 1,011 | 1,091 | 7.9 |
| Kalamazoo (C) | 1,005 | 1,068 | 6.2 | 267 | 251 | ( 5.8) | 1,272 | 1,319 | 3.7 |
| Grosse Pointe (S) | 1,155 | 1,256 | 8.8 | 65 | 25 | (61.2) | 1,220 | 1,282 | 5.0 |
| Livonia (S) | 647 | 721 | 11.5 | 324 | 324 | 0 | 971 | 1,045 | 7.7 |
| Taylor (S) | 535 | 570 | 6.7 | 412 | 491 | 19.0 | 947 | 1,061 | 12.1 |
| Warren Cons. (S) | 553 | 582 | 5.2 | 339 | 383 | 13.3 | 892 | 965 | 8.3 |
| Utica (S) | 398 | 489 | 22.9 | 445 | 465 | 4.7 | 843 | 955 | 13.3 |
| Royal Oak (S) | 723 | 674 | (6.8) | 329 | 342 | 4.0 | 1,051 | 1,016 | (3.4) |
| South Lake (S) | 649 | 713 | 9.9 | 306 | 304 | ( .6) | 955 | 1,018 | 6.5 |
| Rudyard (R) | 27 | 52 | 89.9 | 706 | 693 | ( 2.0) | 734 | 745 | 1.5 |
| Alcona Con. (R) | 520 | 643 | 23.3 | 212 | 197 | ( 7.0) | 733 | 839 | 14.5 |
| Benzie Co. Cent. (R) | 424 | 496 | 16.9 | 328 | 274 | (16.5) | 752 | 769 | 2.3 |
| Osceola (R) | 143 | 216 | 51.1 | 571 | 533 | ( 6.6) | 714 | 749 | 4.9 |
| Mean | 604 | 679 | – | 346 | 353 | – | 950 | 1,032 | – |
| Maximum/Minimum Ratio | 47.6/1 | 29.3/1 | – | 16.8/1 | 27.7/1 | – | 1.9/1 | 2.1/1 | – |

[1] Includes categorical aid.

[2] Sum of local and state columns. Federal aid is not included.

Note on Sources: Title 1 assistance data was obtained from the U.S. Office of Education and Median Family Incomes were supplied by the Syracuse University Research Corporation. All other data was taken or calculated from statistics provided by the Michigan Department of Education.

## MONTANA[1]

The enactment of Montana's new school finance system presents an interesting example of how court pressure may influence legislation. When the Montana Constitutional Convention met in 1972, the general consensus was that the Supreme Court would uphold the Rodriguez decision. Under the assumption that Montana's system foundation program could not withstand Rodriguez-type challenge, the Convention authorized the legislature to revamp the state's school finance system.[2]

The new Montana program provides large amounts of non-matching aid per pupil, institutes a statewide property tax, and allows for a small additional amount of revenue under a percentage equalizing provision. It is therefore similar to the reforms enacted in Florida and Maine.

Under the non-matching portion of the state program, each district receives 80 percent of the "maximum general fund budget." A 40 mill property tax is required, with any excess over the district's allocation going to the state. Thus, though administered and collected at the county level, it amounts to a statewide property tax. In addition, 25 percent of the state personal and corporation income taxes are earmarked for aid under this section, and additional statewide property taxes may be levied in the event that the state has inadequate revenue resources to cover necessary distributions.

For matching aid, up to 20 percent of the maximum general fund budget can be allocated to districts if they levy up to a certain minimum depending upon the type of district -- up to 6 mills for secondary districts or up to 9 mills for elementary districts. Thus, the state guarantees each secondary district 3-1/3 percent of the maximum general fund budget per mill of tax, and each elementary district 2-2/9 percent of the applicable general fund budget per mill of tax.[3]

Although there is no recapture provision under this permissive levy, the maximum general fund budget does limit the total resources available to even the wealthiest districts. Moreover, there is a limitation on the increase in total expenditures of 7 percent per year,[4] with exceptions for new programs, extraordinary increases in enrollment, and cut-backs in federal revenue. As in most other states, districts may increase total revenues (in this case up to 7 percent) with the approval of the voters. Since all additional revenues under voter overrides must come from local resources and no equalization funds are provided by the state, this provides a disequalizing mechanism whereby wealthy districts can increase their total per pupil expenditures over poorer districts.

The Montana legislature also passed three bills relating the property tax[5] which are instrumental in creating more equitable administration of the new school finance program.

Previously, Montana did not provide for state equalization of local assessment ratios;[6] hence, districts with low assessment/sales ratios appeared relatively poorer, and received relatively more state aid where the matching rate depended on local property valuation. The three newly enacted bills essentially transferred the functions of previous Board of Equalization to the state's Department of Revenue and make all county assessors agents of the state's Department of Revenue. Hence, assessment is centralized, and equalization for purposes of the state aid program can be more readily carried out.

## TABLE 16

### DISTRICT CHARACTERISTICS: MONTANA*

| District Name[1] | Number of Pupils ANB (1973) | Title I Assistance Per Pupil (1973)[2] | Taxable Valuation Per ANB (1973-74)[5] | Median Family Income (1970)[3] | Actual Operating Millage Before Reform (1972-73)[6] | Actual Operating Millage After Reform (1973-74) | % Change | School Tax Burden Before (%)[4] | School Tax Burden After (%) |
|---|---|---|---|---|---|---|---|---|---|
| Butte El (I) | 7,519 | $16 | 6,291 | 8,713 | 87.4 | 86.4 | ( 1.1) | 6.3 | 6.2 |
| Billings El (I) | 13,373 | 14 | 6,616 | 9,217 | 71.4 | 71.3 | ( .2) | 5.1 | 5.1 |
| Great Falls El (I) | 14,122 | 15 | 4,967 | 9,064 | 83.7 | 77.9 | ( 6.9) | 4.6 | 4.3 |
| Ulm El (S) | 106 | 2 | 4,781 | na | 77.1 | 68.2 | (11.5) | na | na |
| Huntley Proj El (S) | 456 | 8 | 7,871 | na | 50.4 | 52.6 | 4.3 | na | na |
| Fortshaw-Simms El (S) | 216 | 6 | 5,475 | na | 45.4 | 41.8 | ( 7.9) | na | na |
| Brockway El (R) | 23 | no Title I | 37,007 | na | 37.2 | 45.0 | 21.0 | na | na |
| Fortine El (R) | 93 | no Title I | 4,558 | na | 57.3 | 46.9 | (18.2) | na | na |
| Winefred El (R) | 120 | 13 | 13,702 | na | 41.7 | 49.5 | 18.7 | na | na |
| Ashland El (R) | 61 | 170 | 14,989 | na | 41.9 | 49.7 | 18.6 | na | na |
| Butte HS (I) | 2,971 | 16 | 15,932 | 8,671 | 30.5 | 31.8 | 4.3 | 5.6 | 5.8 |
| Billings HS (I) | 6,654 | 9 | 15,286 | 9,174 | 36.9 | 37.9 | 2.5 | 6.2 | 6.3 |
| Great Falls HS (I) | 6,339 | 11 | 11,455 | 9,064 | 43.5 | 41.4 | ( 5.0) | 5.5 | 5.2 |
| Huntley Proj HS (S) | 215 | 5 | 17,401 | na | 34.1 | 35.8 | 4.9 | na | na |
| Winefred HS (S) | 63 | no Title I | 30,573 | na | 24.8 | 26.8 | 7.9 | na | na |
| Mean | – | 24 | 13,127 | 8,984 | 50.9 | 50.9 | – | 5.6 | 5.5 |
| Maximum/Minimum Ratio | – | 85.0/1 | 8.1/1 | 1.1/1 | 3.5/1 | 3.2/1 | – | 1.4/1 | 1.5/1 |

[1] (C) Central City; (I) Independent City; (S) Suburban; (R) Rural. A "Central City" district is defined as being the key district within a standard metropolitan statistical area (SMSA) with a total population greater than 250,000. A "suburban" district is located within a "Central City" SMSA. "Independent City" districts are those which have populations between 10,000 and 250,000, and are located beyond built-up Cetnal rCity areas. Finally, "Rural" districts are those districts not located in SMSAs which contain no communities with populations as large as 10,000.

[2] This column represents the district's total Title I assistance divided by the district's total number of pupils.

[3] This column is a school district (not a community) figure derived from 1970 Census data.

[4] School Tax Burden is expressed by the district's local dollar contribution as a percentage of median family income.

[5] This column represents actual, not equalized or adjusted assessments.

[6] Note that these are actual, not equalized millages. Caution should be exercised in making comparisons among districts.

*Due to insufficient data there is no "District Revenues" chart for Montana.

SOURCES: Title 1 assistance data was obtained from the Office of Education. Median Family Income was provided by the Syracuse University Research Corporation. All other data was obtained from or calculated from statistics supplied by the office of the State Aid Distribution Supervisor, Helena, Montana.

## NORTH DAKOTA [1]

North Dakota's new school finance legislation increases the level of foundation support available. The state now guarantees a $540 foundation level with a mandated 20 mill local levy and 21 mill county participation rate. This represents a rather dramatic increase from the previous program, which guaranteed a foundation level of $260 and required a 21 mill county levy.[2] There is no recapture of excess funds under the new foundation formula. Although the new law establishes a tax rate limitation of 24 mills on local levies (except for Fargo[3]), it does permit districts with population greater than 4,000 to increase their tax rate above the limit by local vote. Finally, the new law changes the pupil weights slightly, with different weights for high schools and with weights varying according to district enrollment.

## TABLE 17

### DISTRICT CHARACTERISTICS: NORTH DAKOTA

| District Name[1] | Enumerated Pupils (1972-73) | Title I Assistance Per Pupil (1973)[2] | Assessed Valuation Per Pupil (1972-73)[5] | Median Family Income (1970)[3] | Actual[6] Operating Millage Before Reform (1972-73) | Actual Operating Millage After Reform (1973-74) | % Change | School Tax Burden Before (%)[4] | School Tax Burden After (%) |
|---|---|---|---|---|---|---|---|---|---|
| Bismark (I) | 9,749 | $ 6 | 3,068 | $ 9,747 | 81.7 | 66.7 | (18.4) | 2.6 | 2.1 |
| Fargo (I) | 11,441 | 9 | 3,468 | 10,137 | 131.5 | 116.5 | (11.4) | 4.5 | 4.0 |
| Grand Forks (I) | 11,394 | 8 | 2,451 | 9,058 | 99.2 | 82.2 (est.) | (17.1) | 2.7 | 2.2 |
| Minot (I) | 11,032 | 10 | 2,281 | 9,199 | 56.1 | 42.0 | (25.2) | 1.4 | 1.0 |
| Mandan (S) | 3,322 | 16 | 4,016 | 8,213 | 39.9 | 30.0 | (24.8) | 2.0 | 1.5 |
| Jamestown (I) | 4,194 | 11 | 2,923 | 8,296 | 80.1 | 65.1 | (18.7) | 2.8 | 2.3 |
| Rugby (R) | 1,346 | 33 | 4,240 | 7,349 | 48.9 | 33.9 | (30.7) | 2.8 | 2.0 |
| Bottineau (R) | 1,037 | 23 | 3,232 | 7,255 | 53.8 | 38.8 | (27.9) | 2.4 | 1.7 |
| Carrington (R) | 996 | 15 | 4,008 | 7,769 | 50.4 | 37.2 | (26.2) | 2.6 | 1.9 |
| Harvey (R) | 1,081 | 29 | 3,360 | 7,417 | 65.1 | 50.1 | (23.1) | 3.0 | 2.3 |
| Mean | – | 16 | 3,305 | 8,444 | 70.7 | 56.3 | – | 2.7 | 2.1 |
| Maximum/Minimum Ratio | – | 5.5/1 | 1.9/1 | 1.4/1 | 3.3/1 | 3.9/1 | – | 3.2/1 | 4.0/1 |

[1] (C) Central City; (I) Independent City; (S) Suburban; (R) Rural. A "Central City" district is defined as being the key district within a standard metropolitan statistical area (SMSA) with a total population greater than 250,000. A "suburban" district is located within a "Central City" SMSA. "Independent City" districts are those which have populations between 10,000 and 250,000, and are located beyond built-up Central City areas. Finally, "Rural" districts are those districts not located in SMSAs which contain no communities with populations as large as 10,000.

[2] This column represents the district's total Title I assistance divided by the district's total number of pupils.

[3] This column is a school district (not a community) figure derived from 1970 Census data.

[4] School Tax Burden is expressed by the district's local dollar contribution as a percentage of median fmiily income.

[5] This column is based on actual, not equalized assessments.

[6] Note that these are actual, not equalized millages. Caution should be exercised in making comparisons among districts.

## TABLE 18

### DISTRICT REVENUES: NORTH DAKOTA

| District Name[1] | Local Property Tax Revenue Per Pupil (1972-73) | Local Property Tax Revenue Per Pupil (1973-74) | Local % Change | State Aid Per Pupil (1972-73)[1] | State Aid Per Pupil (1973-74)[1] | State % Change | Total Local and State Revenues Per Pupil (1972-73)[2] | Total Local and State Revenues Per Pupil (1973-74)[2] | Total % Change |
|---|---|---|---|---|---|---|---|---|---|
| Bismark (I) | 251 | 205 | (18.4) | 227 | 408 | 79.5 | 478 | 612 | 28.2 |
| Fargo (I) | 456 | 404 | (11.4) | 226 | 377 | 67.0 | 682 | 781 | 14.5 |
| Grand Forks (I) | 243 | 201 | (17.1) | 238 | 396 | 66.2 | 481 | 597 | 24.1 |
| Minot (I) | 128 | 96 | (25.2) | 235 | 389 | 65.2 | 363 | 484 | 33.3 |
| Mandan (S) | 160 | 120 | (24.8) | 264 | 458 | 73.8 | 424 | 579 | 36.5 |
| Jamestown (I) | 234 | 190 | (18.7) | 234 | 426 | 82.0 | 468 | 616 | 31.7 |
| Rugby (R) | 207 | 144 | (30.7) | 243 | 408 | 68.3 | 450 | 552 | 22.7 |
| Bottineau (R) | 174 | 126 | (27.9) | 253 | 443 | 75.1 | 427 | 568 | 33.1 |
| Carrington (R) | 202 | 149 | (26.2) | 262 | 443 | 69.3 | 464 | 592 | 27.7 |
| Harvey (R) | 219 | 168 | (23.1) | 257 | 464 | 80.3 | 476 | 632 | 32.7 |
| Mean | 227 | 180 | – | 244 | 421 | – | 471 | 601 | – |
| Maximum/Minimum Ratio | 3.6/1 | 4.2/1 | – | 1.2/1 | 1.2/1 | – | 1.9/1 | 1.6/1 | – |

[1] General Fund aid — does not include categorical aid or transportation.

[2] Sum of the local and state revenue columns. Federal aid is not included.

Note on Sources: Title 1 assistance data was obtained from the U.S. Office of Education and Median Family Incomes were supplied by the Syracuse University Research Corporation. All other data was taken or calculated from statistics provided by the North Dakota Department of Public Instruction.

## UTAH [1]

The Utah legislature passed three bills in 1973 revising the State's school finance system. While the distribution of basic school aid was changed in Senate Bill No. 72, the mechanisms for distributing construction aid were revised in House Bills No. 105 and 106.

To appreciate the new Utah reforms, one must be familiar with the State's old school finance program. In the past, Utah had a three tier local contribution.

First, there was a mandatory 16 mill levy in each district required for the basic program. Districts who taxed at this rate and raised less than the basic state guarantee were provided the difference. Districts raising more than the guarantee with their 16 mill levy were required to contribute the excess to the State fund. Since a district's taxable wealth did not affect the amount of revenue available to local districts under this first tier, it amounted to a state property tax.

Second, in addition to the 16 mill levy, districts were authorized to levy 12 more mills at the discretion of the local board. Under this second tier, a specified revenue per distribution unit was guaranteed by the State. However, unlike the first tier, there was no recapture under this provision, thus, districts retained any excess over the guaranteed amount.

The third tier under the old system permitted a district to levy 10 more mills with the approval of the local electorate. This third levy, like the second, qualified for a guarantee per distribution unit; however, the amount of the guarantee was so low that there were virtually no state disbursements under this provision.

The new legislation retains, in essence, the first two tiers of the old formula. Every district must now levy 28 mills and is guaranteed $508 per weighted pupil.[2] Significantly, the recapture clause has been extended to the full 28 mills, so that districts raising more than $508 with a 28 mill levy must return the excess to the state. Equally significant is the fact that the $508 guarantee is so high that no district currently has to pay money back to the state.[3]

The voter leeway provision has also been retained with a guarantee of $4 per mill.[4] However, the fact that nearly all districts will raise over $4 per mill plus the fact that there is no recapture under the voter override provision results in a potential for disparities. But, since this additional levy up to 10 mills accounts for less than 2 percent of the state and local funds estimated for fiscal 1974, it appears that few districts have taken advantage of the local leeway.

In addition to changing the allocation formula, the new Utah legislation distributes state aid on the basis of weighted pupils instead of classroom units as it did in the past.[5] The number of weighted pupils is derived by averaging ADA and ADM, adjusting for the number of kindergarten children, for necessary small schools, for ten categories of handicapped children, for five categories of vocational education, and for the experience and degrees of professional staff.[6]

The Utah reform continues to provide categorical aid for instructional media centers, extended year or day programs, community school programs, "distinguished quality teaching and teacher leadership" salaries, special career development program, experimental programs, a new program for elementary school guidance, and a new program of compensatory education, with funds distributed on the basis of low-income families, Spanish-American and Native American children with bilingual characteristics, foster children, neglected and delinquent children, and children from homes receiving AFDC. The Utah bill illustrates a method different from that used in Florida for providing funds for compensatory education: while the amount of compensatory aid in Utah is distributed as categorical aid, in Florida the form which aid for compensatory education takes -- different weights in calculating the number of weighted pupils in each district -- means that the amount of aid is a function of local expenditures per weighted pupil.

One of the two measures dealing with construction aid amends the continuing construction aid formula.[7] For each school building participation unit, a district is now guaranteed $126.50 per mill of tax, with a minimum of 8 mills and a maximum of 13.5. However, since there is no requirement for wealthy districts to return funds in excess of $126.50 per mill to the state, wealth-based disparities in available revenues for construction may still exist, though they will presumably be less than before. Each district has one school building unit per 26 weighted pupils, plus one unit for each $5,600 in outstanding bonds as of July 1 (except that bonds in excess of 1.3 percent of property valuation cannot be counted).

The second construction aid revision[8] provides a one-time disbursement of $5.5 million to be distributed to districts deemed to have critical building needs which cannot be met from any of the following resources: existing bonding authority, continuing construction aid, or a tax levy of 18 mills for a period of five years. This supplementary aid was intended to permit districts with dilapidated and inadequate facilities to catch up to other districts, under the assumption that the construction aid program of H. B. No. 106 would provide for future capital needs on an equitable basis.

Finally, there is a ceiling in the maintenance and operations expenditures that will be provided by the state. The purpose of this was to combat the necessity, which existed in previous years, to appropriate supplementary funds because of underestimates of the numbers of pupils and various costs borne by the state. Any reduction of the guarantee per pupil will affect all districts equally.

## TABLE 19

### DISTRICT CHARACTERISTICS: UTAH

| District Name[1] | Number of Pupils (1973) | Title I Assistance Per Pupil (1973)[2] | Assessed Valuation Per Pupil (1974)[5] | Median Family Income (1970)[3] | Actual[6] Operating Millage Before Reform (1972-73) | Actual Operating Millage After Reform (1973-74) | % Change | School Tax Burden Before (%)[4] | School Tax Burden After (%) |
|---|---|---|---|---|---|---|---|---|---|
| Salt Lake City (C) | 27,524 | 32 | 13,115 | 8,810 | 33.4 | 34.0 | 1.7 | 4.6 | 4.6 |
| Ogden (I) | 13,554 | 26 | 6,628 | 9,203 | 32.3 | 33.7 | 4.7 | 2.2 | 2.1 |
| Provo (I) | 8,264 | 11 | 6,358 | 6,688 | 31.0 | 30.8 | ( .5) | 2.9 | 2.9 |
| Granite (S) | 58,195 | 9 | 5,760 | 10,427 | 33.6 | 34.4 | 2.2 | 1.7 | 1.8 |
| Jordan (S) | 26,081 | 8 | 11,973 | 10,050 | 29.1 | 29.7 | 5.7 | 3.8 | 3.5 |
| Davis (S) | 32,089 | 5 | 3,821 | 10,871 | 28.3 | 28.3 | – | .9 | 1.0 |
| Weber (S) | 17,490 | 5 | 4,455 | 11,123 | 28.0 | 28.0 | – | 1.0 | 1.1 |
| Alpine (S) | 17,389 | 9 | 5,616 | 9,036 | 29.0 | 28.8 | ( .7) | 1.6 | 1.7 |
| Wasatch (R) | 1,733 | 8 | 10,535 | 8,251 | 24.7 | 26.5 | 7.2 | 3.0 | 3.2 |
| Emery (R) | 1,590 | 28 | 14,457 | na | 23.1 | 24.6 | 6.5 | na | na |
| Wayne (R) | 402 | 50 | 6,788 | na | 23.2 | 24.8 | 6.9 | na | na |
| Tinic (R) | 256 | 12 | 7,823 | na | 35.1 | 35.1 | – | na | na |
| Garfield (R) | 849 | 13 | 14,051 | na | 23.0 | 25.3 | 10.4 | na | na |
| Millard (R) | 2,069 | 31 | 13,149 | 6,819 | 28.3 | 23.7 | (16.1) | 4.0 | 4.4 |
| Mean | – | 18 | 8,895 | 9,128 | 28.7 | 29.1 | – | 2.6 | 2.6 |
| Maximum/Minimum Ratio | – | 10.0/1 | 3.8/1 | 1.7/1 | 1.5/1 | 1.5/1 | – | 5.1/1 | 4.6/1 |

[1] (C) Central City; (I) Independent City; (S) Suburban; (R) Rural. A "Central City" district is defined as being the key district within a standard metropolitan statistical area (SMSA) with a total population greater than 250,000. A "suburban" district is located within a "Central City" SMSA. "Independent City" districts are those which have populations between 10,000 and 250,000, and are located beyond built-up Central City areas. Finally, "Rural" districts are those districts not located in SMSAs which contain no communities with populations as large as 10,000.

[2] This column represents the district's total Title I assistance divided by the district's total number of pupils.

[3] This column is a school district (not a community) figure derived from 1970 Census data.

[4] School Tax Burden is expressed by the district's local dollar contribution as a percentage of median family income.

[5] This column represents actual, not equalized assessments.

[6] Note that these are actual, not equalized millages. Caution should be exercised in making comparisons among districts.

## TABLE 20

### DISTRICT REVENUES: UTAH

| Utah Districts | Local Revenues Per Pupil (1972-73) | Local Revenues Per Pupil (1973-74) | Local % Change | State Aid Per Pupil (1972-73)[1] | State Aid Per Pupil (1973-74)[1] | State % Change | Total Local and State Revenues Per Pupil (1972-73)[2] | Total Local and State Revenues Per Pupil (1972-73)[2] | Total % Change |
|---|---|---|---|---|---|---|---|---|---|
| Salt Lake City (C) | 402 | 402 | .2 | 366 | 399 | 8.8 | 768 | 801 | 4.3 |
| Ogden (I) | 199 | 196 | (1.2) | 508 | 550 | 8.4 | 706 | 746 | 5.7 |
| Provo (I) | 191 | 195 | 2.1 | 523 | 586 | 12.2 | 713 | 1,225 | 71.6 |
| Granite (S) | 178 | 182 | 2.5 | 490 | 553 | 12.7 | 668 | 735 | 10.0 |
| Jordan (S) | 377 | 352 | ( .8) | 289 | 395 | 36.6 | 667 | 747 | 12.0 |
| Davis (S) | 99 | 106 | 7.2 | 541 | 613 | 1.3 | 640 | 719 | 12.4 |
| Weber (S) | 112 | 121 | 7.7 | 546 | 608 | 1.4 | 658 | 729 | 10.8 |
| Alpine (S) | 148 | 156 | 5.1 | 489 | 574 | 17.5 | 637 | 730 | 14.6 |
| Wasatch (R) | 249 | 267 | 7.4 | 490 | 519 | 6.0 | 739 | 787 | 6.5 |
| Emery (R) | 196 | 349 | 78.0 | 600 | 577 | (3.7) | 796 | 927 | 16.4 |
| Wayne (R) | 150 | 165 | 10.1 | 1,061 | 1,119 | 5.5 | 1,211 | 1,284 | 6.1 |
| Tinic (R) | 291 | 274 | (5.8) | 869 | 1,159 | 33.4 | 1,416 | 1,434 | 1.3 |
| Garfield (R) | 275 | 326 | 18.4 | 752 | 851 | 13.1 | 1,028 | 1,177 | 14.5 |
| Millard (R) | 270 | 297 | 10.1 | 535 | 590 | 10.3 | 805 | 888 | 10.3 |
| Mean | 224 | 242 | – | 576 | 650 | – | 818 | 924 | – |
| Maximum/Minimum Ratio | 4.1/1 | 3.8/1 | – | 3.7/1 | 2.9/1 | – | 2.2/1 | 2.0/1 | – |

[1] Total state contribution including categorical aid.

[2] Sum of local and state revenue columns. Federal aid is not included.

Note on Sources: Title I assistance data was obtained from the U.S. Office of Education and Median Family Income were supplied by the Syracuse University Research Corporation. All other data was taken or calculated from statistics supplied by the Office of the Legislative Analyst.

## WISCONSIN[1]

Wisconsin previously employed a district power equalizing formula to distribute about 46.8 percent of total state aid. Of the remaining aid under the old program 21.3 percent was distributed through a flat grant program to districts too wealthy or spending too much to receive aid under the DPE provision and the remaining 31.9 percent was divided among teacher pension plans and various categorical programs. The new school finance legislation in Wisconsin retains the categorical and teachers' pension programs, but replaces the flat grant program with a non-linear district power equalizing formula, which provides lower guaranteed yields per mill as local tax rates increase. Although save-harmless clauses guarantee that most districts, irrespective of wealth, will receive some state aid in the next few years, the new plan provides that, under the DPE formula, extremely wealthy districts may in the future have to remit excess revenues to the state.

The new equalization portion of the state's program is designed to reimburse districts for a percentage of "shared costs," which include normal operating expenditures, annual capital outlays, and payments of principal and interest on long-term debt. For a shared cost up to 110 percent of the previous year's state average for districts of similar organization, each district is guaranteed a yield per mill of tax corresponding to the yield which would be generated by a property valuation per pupil of $71,200 ( for districts operating grades K-12), $68,200 (K-8), and $170,500 (9-12).[2] These guarantees are for 1973-74. Each year thereafter, they are to be increased by 5 percent. If the shared costs chosen is above the 110 percent limit, the guaranteed yield will be lower. Thus, for districts operating all grades, it corresponds to the previous year's state average property valuation per pupil; for elementary districts, it corresponds to the previous year's average x (68,200/71,200), and for high school districts to the previous year's average x (170,500/71,200). The fall in the yield per mill of tax rate as expenditures increase creates less of an incentive (for both wealthy and poor districts) to spend above the 110 percent level than would otherwise be the case.[3]

There are two save-harmless clauses which apply to Wisconsin's state aid as calculated by this new formula. First, a district is guaranteed an amount of state aid equal to the normal amount calculated under the new law plus 90 percent of the difference between this amount and its 1972-73 allotment. The percentage guarantee falls by 10 percent for each of the next eight years, so that this exception is in effect until 1981-82. The second save-harmless provision guarantees that all districts will receive some state aid for the first three years, until 1975-76. However, the provision which establishes this restriction[4] does affirm that the amount of aid calculated according to the DPE formula may be negative, and that, beginning in 1976-77, districts with negative aid will have to remit the negative amounts to the state.[5]

In addition to the non-linear DPE schedule, which is intended to limit school spending, the new program restricts increases in operating expenses to no more than $55 per pupil per year.[6] The only exceptions allowed are those approved by the state superintendent, in the event that the limitation would force a district to provide programs below state standards, or to discontinue programs formerly funded by federal revenues. The bill does not permit voter overrides. However, the statutory language is so vague that it may not preclude them.

Finally, the bill provides categorical programs for the compensatory education of "pupils who have or are likely to have low levels of academic achievement, especially in relation to social and economic factors." The criteria for educational need and the guidelines for approving local programs are to be established by the state superintendent. The bill does require that aid for compensatory education not supplant other funds spent on targeted pupils, that priority be given to preschool and elementary pupils, and that local advisory councils including parents and community representatives be established to "advise on the development of applications and the implementation of approved programs."

As with the other legislation described in this report, the new Wisconsin bill provides for more state revenue than has been distributed in the past. Appropriations for 1973-74 for general purpose aid are $425 million, and $457 million for 1974-75, compared to $223 million in 1971-72.[7]

## TABLE 21

### DISTRICT CHARACTERISTICS: WISCONSIN

| District Name[1] | Enrollment (1973-74) | Title 1 Assistance Per Pupil (1973)[2] | Equalized Valuation Per Pupil (1973) | Median Family Income (1970)[3] | Equalized Operating Millage Before Reform (1972-73) | Equalized Operating Millage After Reform (1973-74) | % Change | School Tax Burden Before (%)[4] | School Tax Burden After (%) |
|---|---|---|---|---|---|---|---|---|---|
| Fennimore (R) | 1,160 | $30 | $ 34,462 | na | 18.60 | 14.49 | (22.0) | na | na |
| Franklin (R) | 3,074 | 3 | 20,935 | 11,859 | 28.55 | 22.81 | (20.1) | 4.2 | 4.0 |
| Gibraltar (R) | 780 | 11 | 130,016 | na | 13.18 | 12.65 | ( 4.7) | na | na |
| Green Bay (I) | 21,523 | 13 | 46,425 | 10,226 | 18.40 | 15.21 | (17.3) | 7.8 | 6.9 |
| Greenfield (S) | 4,928 | 5 | 38,755 | 12,340 | 22.08 | 18.44 | (16.4) | 6.2 | 5.8 |
| Madison (C) | 30,700 | 15 | 63,990 | 11,412 | 18.95 | 19.13 | 0.9 | 9.7 | 10.7 |
| Milwaukee (C) | 122,518 | 38 | 42,919 | 10,263 | 21.47 | 19.24 | (10.3) | 8.5 | 8.1 |
| Racine (I) | 30,282 | 21 | 36,053 | 11,011 | 19.62 | 15.79 | (19.5) | 6.0 | 5.2 |
| Shorewood (S) | 2,285 | 15 | 64,228 | 13,595 | 21.74 | 21.87 | 0.5 | 9.5 | 10.3 |
| Superior (I) | 7,574 | 21 | 29,200 | 8,645 | 17.11 | 13.26 | (22.5) | 5.4 | 4.5 |
| Three Lakes (R) | 740 | 33 | 78,474 | na | 13.14 | 12.93 | ( 1.5) | na | na |
| Wauwatosa (S) | 9,500 | 7 | 81,195 | 13,432 | 16.37 | 17.86 | 9.1 | 9.3 | 10.8 |
| West Allis (S) | 12.729 | 7 | 84,665 | 11,069 | 15.17 | 15.35 | 1.1 | 10.5 | 11.7 |
| Whitefish Bay (S) | 3,501 | 4 | 52,577 | 17,124 | 24.47 | 24.74 | 1.1 | 6.5 | 7.6 |
| Mean | – | 16 | 57,421 | 11,902 | 19.20 | 17.41 | – | 7.6 | 7.6 |
| Maximum/Minimum Ratio | – | 12.7/1 | 6.2/1 | 2.0/1 | 2.2/1 | 2.0/1 | – | 2.5/1 | 2.9/1 |

[1] (C) Central City; (I) Independent City; (S) Suburban; (R) Rural. A "Central City" district is defined as being the key district within a standard metropolitan statistical area (SMSA) with a total population greater than 250,000. A "suburban" district is located within a "Central City" SMSA. "Independent City" districts are those which have populations between 10,000 and 250,000, and are located beyond built-up Central City areas. Finally, "Rural" districts are those districts not located in SMSAs which contain no communities with populations as large as 10,000.

[2] This column represents the district's total Title I assistance divided by the district's total number of pupils.

[3] This column is a school district (not a community) figure derived from 1970 Census data.

[4] School Tax Burden is expressed by the district's local dollar contribution as a percentage of median family income.

## TABLE 22

### DISTRICT REVENUES: WISCONSIN

| | Local Revenue Per Pupil (1972-73)[1] | Local Revenue Per Pupil (1973-74)[1] | Local % Change | State Aid Per Pupil (1972-73)[2] | State Aid Per Pupil (1973-74)[2] | State % Change | Total Local and State Revenues Per Pupil (1972-73)[3] | Total Local and State Revenues Per Pupil (1973-74)[3] | Total % Change |
|---|---|---|---|---|---|---|---|---|---|
| Fennimore (R) | 552 | 500 | ( 4.2) | 421 | 532 | 26.4 | 973 | 1,032 | 6.1 |
| Franklin (R) | 497 | 478 | ( 3.8) | 723 | 856 | 18.4 | 1,237 | 1,333 | 7.8 |
| Gibralter (R) | 1,469 | 1,646 | 12.1 | 144 | 54 | (62.5) | 1,613 | 1,700 | 5.4 |
| Green Bay (I) | 796 | 707 | (11.2) | 200 | 357 | 78.5 | 996 | 1,064 | 6.8 |
| Greenfield (S) | 760 | 715 | ( 5.9) | 398 | 528 | 32.7 | 1,157 | 1,243 | 7.4 |
| Madison (C) | 1,107 | 1,224 | 10.6 | 156 | 150 | ( 3.9) | 1,264 | 1,374 | 8.7 |
| Milwaukee (C) | 871 | 826 | ( 5.2) | 266 | 455 | (71.1) | 1,137 | 1,281 | 12.7 |
| Racine (I) | 663 | 569 | (14.2) | 376 | 551 | 46.5 | 1,038 | 1,121 | 8.0 |
| Shorewood (S) | 1,295 | 1,405 | 8.5 | 173 | 153 | (11.6) | 1,468 | 1,557 | 6.1 |
| Superior (I) | 465 | 389 | (16.8) | 412 | 556 | 35.0 | 878 | 943 | 7.4 |
| Three Lakes (R) | 924 | 1,015 | 9.9 | 140 | 124 | (11.4) | 1,064 | 1,139 | 7.1 |
| Wauwatosa (S) | 1,245 | 1,451 | 16.6 | 165 | 120 | (27.3) | 1,410 | 1,570 | 11.4 |
| West Allis (S) | 1,164 | 1,300 | 11.7 | 158 | 127 | (19.6) | 1,323 | 1,426 | 7.8 |
| Whitefish Bay (S) | 1,109 | 1,301 | 17.3 | 206 | 227 | 10.2 | 1,315 | 1,528 | 17.2 |
| Mean | 923 | 966 | – | 281 | 342 | – | 1,205 | 1,308 | – |
| Maximum/Minimum Ratio | 3.2/1 | 4.2/1 | – | 5.2/1 | 15.9/1 | – | 1.8/1 | 1.8/1 | – |

[1] Local revenues are the local property tax contribution for shared costs, including principal, interest and capital outlay costs up to $100 per pupil.

[2] General state aid excluding categorical programs.

[3] Sum of local and state revenue columns. Federal aid is not included.

Note on Sources: Title 1 assistance data was obtained from the U.S. Office of Education and Median Family Incomes were supplied by the Syracuse University Research Corporation. All other data was taken or calculated from statistics supplied by the Wisconsin State Bureau of Planning and Budget.

## FOOTNOTES

### SUMMARY

1. While the Serrano case in California has attracted the most national attention, it had not been formally decided at the time of passage of the new bill, S.B. 90. This bill has been interpreted as an attempt to forestall the finding of unconstitutionality. In particular, the defendants in the Serrano trial have argued that the passage of S.B. 90 has mooted the plaintiffs' claims.

2. For a description of some of the political forces in post-Serrano legislative battles, see Berke (6), Bibliography.

3. In addition to the states analyzed in this paper, special reports on school finance have appeared in the following states: Connecticut, Indiana, Iowa, Massachusetts, New Mexico, New York, North Carolina, Pennsylvania, Rhode Island, South Carolina, Texas, Vermont and Virginia, see Stauffer (18) Bibliography.

4. For a brief review of the nature of DPE formulas, see Appendix A. These nine revised plans differ greatly in the degree to which they rely on DPE provisions. See state descriptions.

5. As of 1971-72, twelve states distributed revenue through some form (usually highly modified) of district power equalizing: Maine, Massachusetts, Rhode Island, Vermont, New Jersey, New York, Pennsylvania, Wisconsin, Iowa, Kansas, Oklahoma, and Utah. Maine, Kansas, Oklahoma and Utah distributed relatively small amounts of revenue through such formulas. See Johns (16) Bibliog. for descriptions of state programs as of 1971-72.

6. See Grubb and Michelson (13) Bibliog., Ch. 4, or Grubb (12) Bibliog.

7. I am referring primarily to Callahan, Wilken and Sillerman (7) Bibliog., and to the line of criticism which Stephan Michelson and I countered in (14) Bibliog.

8. For a general review of circuit breakers and relevant legislation, see A.C.I.R. (1) Bibliog., Ch. V.

9. See Benson (4) Bibliog. and Grubb and Michelson (14) Bibliog.

10. For a description of one of the clearest examples of such munipulation, the case of Massachusetts, see Daniere (8) Bibliog.

### CALIFORNIA

1. Source: Senate Bill 90; Assembly Bill 1267, See Appendix C.

2. The new formula for elementary districts is $S = 765 - (2.23 \times P)$ instead of $S = 391 - (1.00 \times P)$ where

$S$ = state share
$P$ = District assessed valuation per pupil
765 = new guarantee amount
2.23 = new participation rate
391 = old guarantee
1.00 = old participation rate

3. While this minimum grant reduces the equalizing potential of state aid, changing it would be politically difficult since $120 of the minimum is mandated by the state constitution.

4. This is true after an initial phase-in period.

5. The permitted increase is given by the formula $(F_{-1}/RL_{-1}) \times F_{-1} \times IF$. Where $F_{-1}$ is the previous year's foundation level, $RL_{-1}$ is the previous year's revenue limit, and IF is an inflation factor constrained to be between 5% and 6%. The permitted increase is limited to a fraction $(F_{-1}/RL_{-1})^2$ (which will be less than one for those districts with relatively high revenues per pupil) times the inflation factor of 5% - 6%. For more information, see California Senate Bill 90, Appendix.

## COLORADO

1. Source: House Bill No. 1562; See Appendix; see also Steinbrecher (20) Bibliog.

2. The formula is therefore: $(S + L) = \$25 \times T$. Where

   S = state aid
   L = local share
   T = tax rate in mills
   $25 = guaranteed yield in dollars.

   For a review of various DPE formulas, see Appendix A.

3. The $17,000 per pupil assessed valuation was calculated in the following way. By definition a district raises as many dollars per mill as it has thousands of dollars of assessed valuation. For example, a district with an assessed valuation of $20,000 per pupil raises $20 per pupil for each mill of tax. Colorado districts are guaranteed a minimum grant of $8 per mill, and the cut-off point for benefitting from this minimum is therefore equal to the maximum grant ($25) minus the minimum grant ($8) or $17 per mill. Thus, only districts with assessed valuation in excess of $17,000 per pupil will benefit from the minimum grant. Significantly, the state average assessed valuation in 1973 was approximately $12,000 per pupil.

4. Poor districts are defined as those where the county per capita income in 1972 was less than $1,200, and where school revenues from local property taxes and state equalization funds were less than $750 per pupil.

5. Except that districts which raised less than $670 are permitted to increase revenues to $750.

6. The local vote provision becomes effective for the 1975 budget year.

## FLORIDA

1. Source: House Bill 734: See Appendix, see also Florida Department of Education, Regular Legislative Report #10, June 7, 1973.

2. Since no district currently raises more than $579 per pupil at the minimum tax rate, the question of recapture is moot. However, should a district eventually raise more than the basic cost with the 7 mill tax, the present wording of the law would seem to allow such a district to retain the excess. Thus, technically, there is no recapture in the new Florida law.

3. The Florida formula for 1973-74 is therefore: $S + L = 579 + 40.53 \times (T - 7)$. Where

   S = state aid
   L = local share
   T = tax rate (mills)
   $579 = basic student cost
   $40.53 = aid per mill under the equalization provision, 7% of basic student cost.
   7 = the 7 mill statewide tax.

4. Note that pupil weights are not utilized in the equalization provision. The $40.53 per mill is provided on the basis of unweighted full-time equivalent pupils.

5. The various weights are described further in the Florida legislation (see Appendix).

6. These weights were derived, using Bureau of Labor statistics methods, by a special survey. See generally, Improving Education in Florida (10), Appendix B, Ch. V.

7. See Grubb (11) Bibliog., Ch. 4, or Grubb and Michelson (13) Bibliog., Ch. 7.

8. See, Callahan, Wilken and Sillerman (7) Bibliog., who concentrate on the plight of cities. The only judgment they recommend which the Florida bill does not incorporate is one for municipal overburden.

9. While the provisions of the Florida bill are vaguely worded, they refer to the methodology for determining construction needs and locally available resources, backed up by a census of all school facilities, described in Improving Education in Florida (10) Bibliog., Appendix B, Section III.

10. It is interesting to note that even though the minimum tax rate for 1973-74 is less than 7 mills the equalization portion of the law applies only to the 7th through 10th mills. Thus, in 1973-74 there is a gap of 1.6 mills between 5.4 and 7 mills which is not equalized by the state. This was the result of a drafting error which has been corrected for fiscal 1975. The minimum tax rate for the 1974-75 school year will be raised to a full 7 mills.

11. School finance issues surrounding Florida's previous system were aired in Hargrave v. Kirk, 313 F. Supp. 944 (N.D. Fla. 1970), vacated 401 U.S. 476 (1971), which dealt with Florida's restriction on local property tax levies, not with the distribution of school resources in general.

12. Inter-district inequalities have in fact been smaller in Florida than in most states; for a summary of comparative data from 1940 to 1970, see, Bendixsen (2) Bibliog., Table IA. Data on inter-district disparities by state indicates that Southern states, with county districts, generally have less inequality; similarly, a regression on 1960 inter-district disparities indicates that inequality is less in states with relatively fewer districts. See, Grubb and Michelson (13) Bibliog., Ch. 4; this data is also published in Grubb (12) Bibliog.

13. See generally, Harris (15) Bibliog.

ILLINOIS

1. Source: House Bill 1484; see Appendix.

2. For districts with less than 100 weighted ADA pupils, a 9 mill tax rate is required.

3. The Illinois foundation formula is then: $S = [520 - (8.4 \times P)] \times 1.25$. Where

S = state aid per weighted ADA pupil (weight is .45 add-on for Title I pupils)
$520 = the foundation amount
8.4 = required tax rate
P = district assessed valuation
1.25 = per cent add-on to district foundation aid.

4. Illinois' optional equalization formula — as applied to a unified district, for example — is: $S = (42,000 - P) \times T$. Where

S = state aid per Title I weighted ADA pupil (see footnote 5)
$42,000 = guaranteed valuation per pupil
P = district assessed valuation
T = operating tax rate.

5. This weighting varies from 0 to .75 depending on the percent of Title I eligibles.

KANSAS

1. Source: substitute for Senate Bill 92, see, Appendix.

2. Caldwell v. Kansas, No. 50616 (District Ct., Kan., August 30, 1972).

3. These levels are set according to average expenditure levels of various size districts. There appears to have been no demonstration that these differences were due to diseconomies associated with small size, rather than local preferences, quality differences, or other uncontrolled factors.

4. The formula for intermediate districts is: $936 - .23111 x (enrollment - 400). The norm budget figures are subject to annual revision.

5. Equally important to the voter override are the provisions for appeal by districts to a board of supervisions empowered to adjust maximum budget figures. In 1973 there was only one election held for the purpose of increasing the maximum budgets, while there were numerous appeals to the budget review board.

MAINE

1. Source: Chapter 510 of Title 20 of the Revised Statutes; see Appendix.

2. The formula is: $S + L = 50 \times (T - Tr)$. Where

S = state aid
L = local share
T = tax rate, not to exceed 2 1/2 mills over Tr
Tr = required statewide tax rate
$50 = guaranteed amount per pupil.

MICHIGAN

1. Source: Senate Bill No. 110; see Appendix.

2. Milliken v. Green, 203 N.W. 2d 457 (1972). However, on rehearing the court reversed its previous position (slip opinion, Dec. 7, 1973), but this ocurred after S.B. 110 passed.

3. The formula is: $S = (38{,}000 - P) \times T$. Where

$S$ = state aid
$P$ = district assessed valuation per pupil
$T$ = tax rate
$38{,}000$ = guaranteed valuation per pupil.

4. This rate is a maximum for state equalization, not a limit on actual tax rates. Districts are free to tax at more than 22 mills; however, the state will not equalize revenues raised by millages in excess of 22 mills in 1973-74.

5. Two additional save-harmless clauses, designed to prevent any district from having to reduce expenditures and to reward high effort districts, were passed by the legislature, but the Governor vetoed them with a request that they be rewritten in a special fall session. A revision is now pending in the state senate.

6. The technical language of the legislation permitted income taxes in a few other districts lying wholly within municipalities where local income taxes are already levied, but other conditions make it highly improbable that any will be enacted.

7. The tax rate so calculated includes taxes levied for school construction and debt service, and so is not strictly a non-school tax rate.

8. If the non-school tax rate is denoted by $t$, with a state average of $\bar{t}_{ns}$, then the property valuation which enters the formula in footnote 3 above is reduced by $t_{ns}/1.25 \times \bar{t}_{ns}$ the effective formula becomes:

$$S = (38 - P(1 - t_{ns}/1.25 \times \bar{t}_{ns})\, t_s = (38 - P) \times t_s + \left(\frac{t_s}{1.25\, \bar{t}_{ns}}\right) \times L_{ns}.$$

Where $L_{ns}$ is local revenue for non-school purposes. Hence the formula provides for a matching rate of $t_s / 1.25 \times \bar{t}_{ns}$ applied to $L_{ns}$.

9. The power of such a formula comes from the fact that non-school tax rates are strongly related to those characteristics we associate with municipal overburden; Grubb and Michelson ((13) or (14) Bibliog.) found the ratio of non-school tax rate to total tax rate to be a function of population, population density, population growth, and the preponderance of AFDC families. A simulation of a district power equalizing formula incorporating this variable as a correction for overburden indicated that more revenue would in fact be distributed to cities and to districts where children of poor families live.

10. It may be worth noting that, as an academic matter, the municipal overburden provision may create some potentially undesirable disincentives. For example, it may prove advantageous for certain districts to shift some school services from the school to the non-school sector depending on their school to non-school tax rate ratio. Conceivably, districts could be partially reimbursed by switching such things as art, dancing and swimming classes or other educationally related services from the school budget to another local agency budget. This was certainly not the intent of the Michigan legislature.

For additional comments on potentially undesirable incentives created under various percentage equalizing plans, see, Benson (4) Bibliog. and Grubb and Michelson (14) Bibliog.

11. In addition, another mill of local tax is equalized if there are payments due the state for loans under section 16 of the state constitution. Important note: This provision is, in effect, a special provision for poor districts with low tax rates (i.e. below 22 mills for operating expenses). Any district which taxes at 22 mills or more for operating expenses cannot benefit from this provision. However, any district whose operating millage is less than 22 mills can have the difference between 22 mills and their tax rate equalized for capital outlay and debt service.

12. Public Acts 19 and 20 of 1973.

13. The other measures of the tax relief program are an increase in the personal exemption in the state income tax from $1,200 to $1,500, a business inventory tax credit, and reduction in taxes paid under the state intangibles tax.

MONTANA

1. Source: House Bill 428; see Appendix.

2. Written communication, Mr. Carrol Blend, Office of Montana State Superintendent of Education.

3. This can be formulated as: $S + L = 2.22 \times T$. Where

S = state aid
L = local share
T = tax rate
2.22 = yield guaranteed to elementary districts.

4. Note this applies to total expenditures, not to expenditures per pupil.

5. See, H.B. 15, 16 and 17.

6. Stauffer (19) Bibliog., p. 36.

NORTH DAKOTA

1. Source: Senate Bill 2026; see Appendix.

2. The new formula is therefore: $S = 540 - (20 \times P)$. Where

S = state share
P = district assessed valuation per pupil
$540 = guaranteed amount
20 = mandated tax rate in mills.

3. There is also a provision for Fargo and certain districts with "unlimited levies" in 1972 to reduce their tax rates by 15 mills. Without knowing what districts are affected, it is impossible to indicate either its intent or its possible effect.

UTAH

1. Senate Bill No. 72; House Bill No. 105; and House Bill No. 106. See Appendix.

2. This new program will not increase the number of mills levied except in one or two districts. Any district required to raise its levy by 10 mills or more above its fiscal 1973 levy (under the old program) may phase in the increase at 1/3 per year over three years. The basic formula for the new program is:
$S = (508 \times WPU) - 28 \times P$. Where

S = state aid
P = assessed valuation
WPU = weighted pupil units
28 = required mill levy
$508 = basic guaranteed amount.

3. This, however, is subject to change due to fluctuating property values resulting from oil discoveries and other developments

4. The formula for the voter leeway portion of the Utah basic school finance system is: $S + L = 4 (T - 28)$. Where

S = state aid
L = local share
T = total tax rate
4 = guarantee per mill over 28 mills
28 = the required levy.

5. Under the old formula classroom units were defined as ADA with special allowances for small schools, handicapped programs, vocational education, summer programs and administration.

6. The last adjustment in the pupil weighting formula (i.e., experience and degrees of professional staff) is intended to compensate districts for presumed cost differentials. While this adjustment does prevent large staff turnover because of insufficient funds, it also has the effect of perpetuating present disparities in teacher experience and training.

7. H.B No. 106.

8. H.B. No. 105.

WISCONSIN

1. Source: 1973 Assembly Bill 300, Sections 34, 57, 437-464, 550, 550b, 550h, and 550m; see, Appendix.

2. The basic formula is identical in form to that of Michigan: $S = (71,200 - P) \times T$. Where

S = state aid
P = district assessed valuation per pupil
T = tax rate
71,200 = guaranteed valuation per pupil for K-12 districts.

3. This decrease creates a non-linear formula in that the parameter K from equation (3) of the appendix is not constant as T increases, but decreases. That is, the function f in equation (2) is non-linear. For more detail, see the proposal for a non-linear DPE formula for California, in Benson, et al (5) Bibliog.

4. Source: Section 456 of A.B. 300; see Appendix.

5. However, it appears likely that the first save-harmless provision will prevent negative amounts of state aid for a few additional years. In 1976-77, the save-harmless provision will guarantee to each district a minimum of the 1976-77 formula allotment plus six tenths of the difference between this allotment and the 1972-73 grant. Hence, the state share is negative only when the 1976-77 formula allotment is less than - .6 x the 1972-73 grant. This will be a fairly large negative number, and it therefore appears likely that no districts will have to remit excess funds to the state until this first save-harmless clause has almost expired.

6. This limitation actually applies to changes in shared costs minus expenditures for transportation, capital outlays, interest and principal payments on longer term debts, and a portion of teacher retirement and social security payments; this figure is slightly different from operating expenses.

7. 1971-72 figure from Johns (16) Bibliog., p. 366.

## APPENDIX A

## DISTRICT POWER EQUALIZING FORMULAS

District power equalizing formulas tend to be more complex than those of the foundation programs and flat grants which have dominated state aid in the past. In particular, DPE formulas can take several different forms. It may therefore be helpful to review these various forms, both to clarify what is being discussed and to serve as a reference for the formulas described in the text.

First of all, the state aid described below is largely non-categorical aid, not restricted for any particular purpose. Most of the new bills have also changed programs of categorical aid — for construction, transportation, school lunches etc. — but, except for construction aid, these sources of state revenue are less important both quantitatively and in terms of existing resource disparities. Referring only to non-categorical aid, the most important distinction is that between matching aid, which depends on the level of local revenue raised, and non-matching aid. State aid can be described by the expression

$$(1) \quad S = m \cdot L + A$$

where m is the matching rate applied to local revenue, $m \cdot L$ is matching aid, and A is non-matching aid. S and L represent state and local revenue per pupil.

In the most general form of district power equalizing, total expenditures or revenues are assumed to be a function of the local tax rate T[1] only:

$$(2) \quad S + L = f(T)$$

or, assuming f to be a linear function,

$$(3) \quad S + L = k \cdot T$$

where k is constant across all districts. In this form, district power equalizing appears to grant each district the same effective property valuation value per pupil,[2] since the total revenue is the same as that raised by a district with property value per pupil of k. Equivalently, substracting L from both sides of equation (3) and substituting in $L = T \cdot P$, where P is district property valuation per pupil, one gets

$$(4) \quad S = (k - P) \cdot T$$

This form makes it clear that state aid makes up the difference (or takes away the difference) between what the local tax rate would raise with actual local property valuation P and what would be raised with valuation per pupil of k. Equivalently, substituting $T = L/P$ into equation (4), one gets

$$(5) \quad S = (k/P - 1) \cdot L$$

from which the matching rate is evidently $(k/P - 1)$, which is negative if P is greater than k. Finally, multiplying equation (5) through by $P/k$, adding S to both sides, and rearranging terms yields

$$(6) \quad S = (1 - P/k) \cdot (S + L)$$

which is recognizable as the usual percentage equalizing formula. This is often expressed with $= \bar{P}/c$, where $\bar{P}$ is state average property valuation per pupil:[3/]

$$(7) \quad S = (1 - c \cdot P/\bar{P}) (S + L).$$

In the equivalent forms given in equations (3),(4), (5), (6) and (7) the expression for state aid can be negative for districts with high property valuation. This implies that wealthy districts must remit revenues to the state, instead of receiving state aid — a process usually termed recapture. The case where state aid is constrained to be non-negative has sometimes been considered a separate formula.[4/] However, in such a case, where relatively wealthy districts are allowed to keep all the revenue generated by their property base, the DPE condition of equation (2) is not satisfied: total revenue is a function of the tax rate only for those districts with property valuation per pupil less than k, and for wealthier districts, total revenue depends on property valuation. This restriction applies to all of the programs described, except those of Maine and Wisconsin.

## FOOTNOTES

1. The tax rate will be measured in mills, and property valuation will therefore be measured in thousands of dollars.

2. See Grubb (11), Grubb and Michelson (13), or Feldstein (9) on this point.

3. Note that percentage equalizing (equation (6)) and district power equalizing (equation (3)) are mathematically identical. But these formulations ignore federal revenue, and for good reason. If the left side of equation (3) is replaced with S + L + F, where F is federal revenue per pupil, the resulting formula is

$$(1) \quad S = (k/P - 1) \cdot L - F$$

which means that state aid is reduced by the amount of federal aid. If S + L on the right side of equation (6) is replaced by S + L + F, then state aid is

$$(2) \quad S = (k/P - 1) \cdot L + (k/P - 1) \cdot F$$

indicating that the state matches federal aid at the same rate which it matches local revenue. In describing the new state formulas, cases where federal revenues are included in this manner will be noted.

4. Such a formula has been labeled a "resource equalizer" in Benson (2).

# APPENDIX B

PRELIMINARY

STATISTICS

ON

The Urban Impact

OF

Changes in State Aid/pupil, Local Revenues/Pupil

and Local School Property Taxes

1972-73 to 1973-74

IN

Selected States

Which enacted major school finance reforms in 1973

February 15, 1974
Prepared by:

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National Urban Coalition
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CALIFORNIA

| | State Aid/pupil[1/] | | | Local Revenues/pupil | | | Local School Property Tax Rates | | |
|---|---|---|---|---|---|---|---|---|---|
| | 72-73 | 73-74* | Change | 72-73 | 73-74 | Increase | 72-73 | 73-74 | Change |
| Los Angeles | $185 | $227 | +22% | UNAVAILABLE | | | UNAVAILABLE | | |
| Long Beach | 125 | 125 | -0- | | | | | | |
| Compton | 402 | 596 | +48% | | | | | | |
| San Diego | 187 | 224 | +20% | | | | | | |
| San Francisco | 125 | 125 | -0- | | | | | | |
| Oakland | 151 | 154 | + 2% | | | | | | |
| San Jose | 186 | 220 | +18% | | | | | | |
| Fresno | 279 | 437 | +57% | | | | | | |
| Sacramento | 247 | 364 | +47% | | | | | | |
| State | 222 | 304 | +37% | | | | | | |

1/ Basic aid, Equalization aid and Supplementary Support per ADA. Excludes categorical aid.

* Estimated

Data Sources: Computer run "School District Impact of SB90 and AB1267 - Jan. 24, 1974" for Assembly Education Committee. Interpretation provided by Paul Holmes, staff of Assembly Education Committee.

Wealth Comparisons

CALIFORNIA

| | (1) Equalized Assessed Valuation/Pupil 1/ 1973-74 | (2) Ratio City to State | (3) Per Capita Income 2/ 1969-70 | (4) Ratio City to State | (5) Combined Wealth Factor 3/ |
|---|---|---|---|---|---|
| Los Angeles | $ 15,950 | 1.09 | $ 3951 | .95 | 1.02 |
| Long Beach | 21,519 | 1.46 | 3960 | .95 | 1.21 |
| Compton | 6,219 | .42 | 2259 | .54 | .48 |
| San Diego | 16,473 | 1.12 | 3517 | .84 | .98 |
| San Francisco | 35,984 | 2.45 | 4232 | 1.01 | 1.73 |
| Oakland | 19,461 | 1.32 | 3616 | .87 | 1.10 |
| San Jose | 16,359 | 1.11 | 3394 | .81 | .96 |
| Fresno | 10,377 | .71 | 2856 | .68 | .70 |
| Sacramento | 12,461 | .85 | 3383 | .81 | .83 |
| State | $ 14,689 | 1.00 | $ 4180 | 1.00 | 1.00 |

1/ Source: Computer run "School District Impact of SB90 and AB 1267--January 24, 1974" for Assembly Education Committee.

2/ 1969 Calendar year personal income; 1970 population. Sources: U.S. Dept. of Treasury, Office of Revenue Sharing Data Elements, Entitlement Period 4 and U.S. Bureau of the Census Governmental Finances in 1969-70, Table 26.

3/ Column (2) and Column (4) divided by 2. Ratios below 1.00 indicate wealth disadvantagement.

FLORIDA

| | State Aid/pupil 1/ | | | Local Revenues/pupil 2/ | | | Local School Property Tax Rates 3/ | | | Change in Total Taxable Property for Schools, 1972-73, to 1973-74 3/ |
|---|---|---|---|---|---|---|---|---|---|---|
| | 72-73 | 73-74 | Change | 72-73 | 73-74* | Change | 72-73 | 73-74 | Change | |
| Dade County (Miami | 414 | 472 | +14% | 466 | 486 | +4% | 10.0 mills | 10.0 mills | -0- | 15% |
| Broward County (Ft.Lauderdale) | 390 | 483 | +24% | 532 | 451 | -15% | 10.0 | 10.0 | -0- | 12% |
| Hillsborough County (Tampa) | 532 | 583 | +10% | 300 | 245 | -18% | 10.0 | 10.0 | -0- | 18% |
| Duval County (Jacksonville) | 491 | 608 | +24% | 232 | 249 | +7% | 10.0 | 10.0 | -0- | 15% |
| Orange County (Orlando) | 497 | 530 | +7% | 284 | 324 | +14% | 10.0 | 10.0 | -0- | 25% |
| Palm Beach Cty. (W.Palm Beach) | 361 | 392 | +9% | 572 | 596 | +4% | 9.8 | 9.8 | -0- | 23% |
| State | 470 | 513 | +9% | 285 | 356 | 25% | 9.7* mills | 9.6* mills | -1% | 24% |

1/ 1972-73 ADM estimated from ADA (ADA divided by .93). 1973-1974 estimated FTE which is comparable to ADM. State aid excludes categorical aid. Earned state aid for 1972-73 prorated at 97.202% for actual allocation. Major categorical programs in 1973-74 are transportation ($21 million) and capital outlay ($89.5 million)

2/ While these selected urban districts increased local revenues less than state average, it is believed that Pinellas County (St. Petersburg) and Santa Rosa County (Pensacola) probably had large increases due to higher assessment (See note 3.) Figures weren't really available for these counties.

3/ While little basic change occurred in tax rates, significant changes were made in assessment ratios, as total taxable property for school purposes increased from $46.6 billion to $58.0 billion, or 24%. Pinellas County (St. Petersburg) and Santa Rosa County (Pensacola), two of the other four major urban districts not shown above, had their total valuations increased 133% and 107%, respectively.

*Estimated.

## Wealth Comparisons

FLORIDA

| | (1) Assessed Valuation/Pupil 1/ 1973-74 | (2) Ratio County to State | (3) Per Capita Income 2/ 1969-70 | (4) Ratio County to State | (5) Combined Wealth Factor 3/ |
|---|---|---|---|---|---|
| Dade County (Miami) | $ 50,670 | 1.34 | $ 3429 | 1.04 | 1.19 |
| Broward County (Ft. Laud.) | 46,985 | 1.24 | 3763 | 1.14 | 1.19 |
| Hillsborough Cty. (Tampa) | 25,552 | .68 | 2789 | .85 | .77 |
| Duval County (Jacksonville) | 25,927 | .69 | n.a. | n.a. | .69 |
| Orange County (Orlando) | 33,754 | .89 | 3024 | .92 | .91 |
| Palm Beach County (W. Palm Beach) | 63,669 | 1.69 | 3857 | 1.17 | 1.43 |
| State | $ 37,774 | 1.00 | $ 3298 | 1.00 | 1.00 |

1/ There was a 24% increase in total assessed valuation in the state from 1972-73 as a result of state pressure toward assessment at full market value; thus, these figures, while not perfectly equalized, are much closer to being so than 1972-73 figures would be. Source: Information provided by Jack Leppert, Staff Director, Senate Education Committee.

2/ 1969 Calendar year personal income; 1970 population for the county. Sources: U.S. Department of Treasury, Office of Revenue Sharing Data Elements, Entitlement Period 4 and U.S. Bureau of the Census Governmental Finance in 1969-70, Table 26.

3/ Column (2) and Column (4) divided by 2. Ratios below 1.00 indicate wealth disadvantagement.

KANSAS

| | State Aid/pupil[1] | | | Local Revenues/pupil[2] | | | Adjusted Local School Property Tax Rates[3] | | |
|---|---|---|---|---|---|---|---|---|---|
| | 72-73* | 73-74* | Change | 72-73* | 73-74* | Change | 1972 | 1973* | Change |
| Wichita | $219 | $486 | +122% | $592 | $410 | -31% | 37.6 mills | 28.0 mills | -25% |
| Kansas City | 178 | 410 | +130% | 475 | 267 | -44% | 32.2 | 23.8 | -26% |
| Topeka | 187 | 438 | +134% | 562 | 494 | -12% | 35.0 | 27.9 | -20% |
| State | $209 | $379 | +81% | $618 | $434 | -30% | 21.9 mills | 20.5 mills | -6% |

1/ General and supplemental per FTE. Excludes categorical aid. 1973-74 figures include proposed State aid plus estimated 10% individual income tax rebate which the districts can use to lower local property taxes or to expend for general operating expenses.

2/ Includes budgeted share of county foundation fund. Excludes transportation.

3/ Adjusted to 30% assessed valuation. Includes levy for county foundation fund: 1972 8 mills, 1973 2 mills.

* Estimated

Data Sources: Computer run "1973 Substitute Senate Bill 92 - May 23, 1973" with information also supplied by Richard Ryan, Associate Director, Legislative Research Department and Dale Dennis, School Finance & Statistics Section, State Department of Education.

Wealth Comparisons

KANSAS

| | (1) Equalized Assessed Valuation/Pupil 1/ 1972 | (2) Ratio City to State | (3) Per Capita Income 2/ 1969-70 | (4) Ratio City to State | (5) Combined Wealth Factor 3/ |
|---|---|---|---|---|---|
| Wichita | $ 14,152 | .75 | $ 3259 | .91 | .84 |
| Kansas City | 13,367 | .71 | 2839 | .79 | .75 |
| Topeka | 13,619 | .72 | 3219 | .89 | .81 |
| State | 18,891 | 1.00 | 3600 | 1.00 | 1.00 |

1/ Adjusted to 30% assessed valuation. Source: Computer run "1973 Substitute Senate Bill 92 - May 23, 1973".

2/ 1969 Calendar year personal income; 1970 population. Sources: U.S. Department of Treasury, Office of Revenue Sharing Data Elements, Entitlement Period 4 and U.S. Bureau of the Census Governmental Finances in 1969-70, Table 26.

3/ Column (2) and Column (4) divided by 2. Ratios below 1.00 indicate wealth disadvantagement.

## MICHIGAN

| | State Aid/pupil[1] | | | Adjusted Local Revenues/ pupil[2] | | | Local School Property Tax Rates[3] | | |
|---|---|---|---|---|---|---|---|---|---|
| | 72-73 | 73-74* | Change | 72-73 | 73-74 | Change | 72-73 | 73-74 | Change |
| Detroit | $441 | $512 | +16% | $318 | $465 | +46% | 15.5 mills | 22.0 mills | +42% |
| Flint | 347 | 358 | + 3% | 650 | 753 | +16% | 29.2 | 30.7 | + 5% |
| Pontiac | 267 | 280 | + 5% | 680 | 719 | + 6% | 24.5 | 24.5 | -0- |
| Grand Rapids | 375 | 414 | +10% | 601 | 626 | + 4% | 27.1 | 27.1 | -0- |
| Lansing | 372 | 400 | + 7% | 639 | 691 | + 8% | 30.0 | 30.0 | -0- |
| Kalamazoo | 267 | 251 | - 6% | 1005 | 1067 | + 6% | 34.0 | 34.0 | -0- |
| State | $398 | $439 | +10% | $533 | $596* | +12% | 26.3 mills | 27.0* mills | + 3% |

1/ Includes categorical aid.

2/ "Adjusted local revenues" are calculated as follows: school operating millage x state equalized valuation/pupil.

3/ Operating millage.

* Estimated

Data Sources: Mrs. Shirley Waldron, Department Services, State Department of Education and Mr. Purnell, State Tax Commission.

## Wealth Comparisons

## MICHIGAN

| | (1) State Equalized Valuation/Pupil 1/ 1973-74 | (2) Ratio City to State | (3) Per Capita Income 2/ 1969-70 | (4) Ratio City to State | (5) Combined Wealth Factor 3/ |
|---|---|---|---|---|---|
| Detroit | $ 21,154 | .96 | $ 3200 | .81 | .89 |
| Flint | 24,515 | 1.11 | 3204 | .81 | .96 |
| Pontiac | 29,356 | 1.33 | 2843 | .72 | 1.03 |
| Grand Rapids | 23,112 | 1.05 | 3172 | .80 | .93 |
| Lansing | 23,041 | 1.04 | 3365 | .85 | .95 |
| Kalamazoo | 31,397 | 1.42 | 3233 | .82 | 1.12 |
| State | 22,076 | 1.00 | 3944 | 1.00 | 1.00 |

1/ Source: Information provided by Mrs. Shirley Waldron, Dept. Services, State Department of Education and Mr. Purcell, State Tax Commission.

2/ 1969 Calendar year personal income; 1970 population. Sources: U.S. Dept. of Treasury, Office of Revenue Sharing Data Elements, Entitlement Period 4 and U. S. Bureau of the Census Governmental Finances in 1969-70, Table 26.

3/ Column (2) and Column (4) divided by 2. Ratios below 1.00 indicate wealth disadvantagement.

WISCONSIN

| | State Aid/pupil[1] | | | Local Revenues/pupil[2] | | | Adjusted Local School Property Tax Rates[3] | | |
|---|---|---|---|---|---|---|---|---|---|
| | 72-73 | 73-74 | Change | 72-73 | 73-74 | Change | 72-73 | 73-74 | Change |
| Milwaukee | $266 | $455 | +71% | $871 | $826 | - 5% | 21.5 mills | 19.2 mills | -11% |
| Madison | 156 | 150 | - 4% | 1108 | 1224 | +10% | 19.0 | 19.1 | -0- |
| Racine | 376 | 551 | +46% | 662 | 570 | -14% | 19.6 | 15.8 | -19% |
| Green Bay | 200 | 357 | +78% | 796 | 707 | -11% | 18.4 | 15.2 | -17% |
| State | $317 | $442 | +39% | $766 | $742 | - 3% | 18.6 mills | 17.6 mills | - 5% |

1/ General State aid (87.5% of total State elementary and secondary education budget). Excludes categorical aid. Includes state assumption of the costs for the employer's share of teachers' retirement and teachers' social security in order to present comparable data.

2/ "Local revenues" are the local property tax contribution for shared costs, including principal, interest and capital outlay costs up to $100/pupil. Other local receipts, county and federal receipts, user fees and community service costs are excluded.

3/ Adjusted based on equalized prior year assessed valuation.

Data Source: Ron Geason, State Bureau of Planning and Budget.

Wealth Comparisons

WISCONSIN

| | (1) Equalized Assessed Valuation/Pupil 1/ 1973-74 | (2) Ratio City to State | (3) Per Capita Income 2/ 1969-70 | (4) Ratio City to State | (5) Combined Wealth Factor 3/ |
|---|---|---|---|---|---|
| Milwaukee | $ 42,919 | 1.01 | $ 3184 | .91 | .96 |
| Madison | 63,990 | 1.51 | 3472 | 1.00 | 1.26 |
| Racine | 36,053 | .85 | 3193 | .92 | .89 |
| Green Bay | 46,425 | 1.09 | 2896 | .83 | .96 |
| State | 42,402 | 1.00 | 3480 | 1.00 | 1.00 |

1/ Based on prior year assessed valuation. Source: Information provided by Ron Geason, State Bureau of Planning and Budget.

2/ 1969 Calendar year personal income; 1970 population. Sources: U. S. Dept. of Treasury, Office of Revenue Sharing Data Elements, Entitlement Period 4 and U.S. Bureau of the Census Governmental Finances in 1969-70, Table 26.

3/ Column (2) and Column (4) divided by 2. Ratios below 1.00 indicate wealth disadvantagement.

# APPENDIX C

## REPRINTS OF LEGISLATION

CHAPTER 1406

*An act to amend Sections 17301, 17303, 17303.5, 17402, 17407, 17411, 17507, 17655.5, 17656, 17660, 17664, 17665, 17665.5, 17675, 17702, 17702.2, 17706, 17910, 18102, 18102.2, 18102.4, 18102.6, 18451, 18452, and 18455 of, to add Sections 13520.3 and 17401.5 to, and to add Chapter 6.10 (commencing with Section 6499.230) to Division 6 of, Section 18105 to, and Article 6 (commencing with Section 20902) to Chapter 3 of Division 16 of, to repeal Sections 17674 and 20814.5 of, and Article 7.1 (commencing with Section 17920) of Chapter 3 of Division 14 of, and to repeal Chapter 3.5 (commencing with Section 20910) of Division 16 of the Education Code, to amend Section 16153 of, to repeal Section 16120 of, and to repeal Chapter 1 (commencing with Section 16100) of Part 1 of Division 4 of Title 2 of, to add Section 16120 to, and to add Chapter 1 (commencing with Section 16100), Chapter 1.5 (commencing with Section 16110), Chapter 2.5 (commencing with Section 16130), Chapter 4 (commencing with Section 16160), and Chapter 5 (commencing with Section 16170) to Part 1 of Division 4 of Title 2 of, the Government Code, to amend Section 23332.5 of, to repeal Sections 218, 219, 2611.5, 6051, 6052.5, 6201, 6376, 7102, 7202, 7203, 23151, 23184, 23186, 23333, and 23501 of, to add Chapter 1.5 (commencing with Section 2161) to Part 4 of Division 1 of, and to add Sections 218, 219, 401.4, 2611.5, 6051, 6052.5, 6201, 7102, 7202, 7203, 17053.5, 23151, 23184, 23186, 23333, and 23501 to, the Revenue and Taxation Code, and to repeal Section 11450 of, and to add Sections 11006.1, 11450, and 15204.1 to, the Welfare and Institutions Code, relating to the imposition of state taxes to provide subventions to local government to compensate for property tax limitations, making an appropriation therefore, and declaring the urgency thereof, to take effect immediately.*

[Approved by Governor December 18, 1972. Filed with Secretary of State December 26, 1972.]

LEGISLATIVE COUNSEL'S DIGEST

SB 90, Dills. Support of government.

Revises from $278.92 to $385.72 commencing with 1973–1974 fiscal year, the maximum fiscal year amount per unit of a.d.a. fixed by statute to be transferred from General Fund to State School Fund, and revises allocation thereof. Provides, commencing with 1974–1975 fiscal year, for adjustment of such transferred amount based upon statewide ratio of assessed valuation per unit of a.d.a., as specified. Provides for adjustment in elementary and high school foundation programs by application of the index.

Increases State School Fund regular foundation program levels per a.d.a. by $410 at elementary school level and $462 at high school level, except in small elementary and high school districts.

Revises computational tax rates used in determining state and local shares of foundation program support for elementary schools from $1.00 to $2.23 and for high schools from $0.80 to $1.64.

Requires computation of areawide aid based upon tax rates of $1 for elementary school districts and $0.80 for high school districts.

Deletes areawide tax support program.

Expresses legislative intent re state financial support for elementary school and high school foundation programs, commencing with 1973–1974 fiscal year.

Eliminates unification and class size reduction bonuses in apportionment of state school funds.

Eliminates supplemental support to elementary and high school districts.

Increases amount of state allowances for special education classes.

Creates programs for educationally disadvantaged youths.

Imposes system of property tax revenue control and property tax rate limits for school districts, other than community college districts.

Increases the homeowner's property tax exemption from $750 of assessed value to $1,750 of assessed value for the 1973–1974 fiscal year and fiscal years thereafter. Includes additional dwellings within such exemption.

Increases the partial exemption from property taxation for business inventories from 30 to 45 percent of the assessed value of such property, commencing on the lien date in 1973, and to 50 percent commencing on the lien date in 1974.

Allocates to the State School Fund various amounts on a continuing basis to finance the changes in school support formulas made by the enactment and to finance the educational need factor formula and the Early Childhood Education Program.

Appropriates funds continuously to the Controller from the State General Fund to make the subventions required by the above provisions and for allocation to state and local governmental agencies to pay the costs of administering the enactment.

Places various limitations on units of local government to impose property taxes.

Increases the rate of the state's sales and use taxes from 3¾ to 4¾%, effective June 1, 1973. Deletes certain exemptions under the Bradley-Burns Uniform Local Sales and Use Tax Law but makes such deletions contingent upon parity between state and local assessment ratios.

Provides for income tax credits and direct payment to renters.

Increases the rates under the Bank and Corporation Tax Law from 7.6 and 11.6 to 9 and 13, percent, commencing with the computation of taxes for income years ending after June 30, 1973.

Increases public assistance grants in the amount of $2 per grant. Provides for state payment of 100 percent of the nonfederal share of such increase.





Makes related and conforming changes.

To take effect immediately, urgency statute.

*The people of the State of California do enact as follows:*

SECTION 1. This act is known and may be cited as the "Property Tax Relief Act of 1972."

SEC. 1.5. Chapter 6.10 (commencing with Section 6499.230) is added to Division 6 of the Education Code, to read:

## CHAPTER 6.10. EDUCATIONALLY DISADVANTAGED YOUTH PROGRAMS

6499.230. It is the intent of the Legislature to provide quality educational opportunities for all children in the California public schools. The Legislature recognizes that because of differences in family income, differing language barriers, and pupil transiency, differing levels of financial aid are necessary to provide quality education for all students.

6499.231. From the funds appropriated by the Legislature for the purposes of this chapter, the Superintendent of Public Instruction, with the approval of the State Board of Education, shall administer this chapter and make apportionments to school districts to meet the total approved expense of the school districts incurred in establishing education programs for pupils who qualify economically and educationally in preschool, kindergarten, or any of grades 1 through 12, inclusive. Nothing in this chapter shall in any way preclude the use of federal funds for educationally disadvantaged youth. Districts which receive funds pursuant to this chapter shall not reduce existing district resources which have been utilized for programs to meet the needs of low-income students.

6499.232. Maximum apportionments allowable to school districts shall be determined by the following factors:

(a) An index of "potential impact of bilingual-bicultural pupils" determined by dividing the percent of pupils in the district with Spanish and Oriental surnames, and Indian pupils, as determined by the annual ethnic survey conducted by the Department of Education, by the statewide average percentage of such pupils for unified, elementary, or secondary districts, as appropriate.

(b) A ratio of the district's "index of family poverty," defined as the district's Elementary and Secondary Education Act, Title I entitlement, divided by its average daily attendance in grades 1 through 12, or any thereof maintained, divided in turn by the state average index of family poverty for unified, elementary, or secondary districts, as appropriate.

(c) A ratio of the district's "index of pupil transiency," as computed from the relationship between the district's average daily attendance

and its total annual enrollment, divided by the state average index of pupil transiency for unified, elementary, or secondary districts, as appropriate.

The district's total maximum apportionment under this chapter shall be determined by computing the product of (1) one-third the sum of the above three factors, except that if the resulting figure is higher than 2, the resulting figure shall be deemed to be 2, and if the resulting figure is lower than 1 no entitlement shall be computed for such a district, (2) the number of pupils receiving aid for dependent children support, and (3) a constant amount of three hundred dollars ($300), or such amount as the Superintendent of Public Instruction may determine so that the sum of all allocations will not exceed the funds appropriated by the Legislature for the purposes of this chapter.

6499.234. In approving programs under this chapter, the State Board of Education shall give due consideration to the effectiveness of the program and shall not continue in operation any program that, upon evaluation, has been shown to be of low effectiveness and which has only limited possibility of improved effectiveness.

For the fiscal year 1973–1974 and for each year thereafter, districts which demonstrate a high degree of program effectiveness shall receive amounts up to their entitlement limits. Districts which demonstrate low levels of program effectiveness shall continue to receive their initial apportionments but the Superintendent of Public Instruction may reduce the additional computed apportionments due such districts, if he determines that such programs have limited possibilities of improved achievement.

6499.235. The Superintendent of Public Instruction shall apportion the funds available for programs in accord with procedures specified in this chapter and policies which may be adopted by the State Board of Education. Funds shall be allocated to each district within its entitlement based upon a plan submitted by the district to the Superintendent of Public Instruction, and approved by the State Board of Education. The plan shall include (1) an explicit statement of what the district seeks to accomplish, (2) a description of the program and activities designed to achieve these purposes, and (3) a planned program of annual evaluation, including a statement of the criteria to be used to measure the effectiveness of the program.

6499.236. The State Board of Education shall adopt regulations setting forth the standards and criteria to be used in the administration, monitoring, evaluation, and dissemination of programs submitted for consideration. An amount not to exceed 1 percent of the total appropriation for the purposes of this chapter shall be retained by the Department of Education for these purposes. Funds appropriated for the purposes of this chapter not allocated as previously specified shall be allocated by the State Board of Education to promote the intent of this chapter to provide education programs to as many eligible pupils as possible and to stimulate the development, implementation, and evaluation of innovative programs.



6499.237. The Superintendent of Public Instruction shall submit annually to the Governor and to each house of the Legislature a report evaluating the programs established pursuant to this chapter, together with his recommendations concerning whether the same should be continued in operation.

6499.238. In approving projects under the "educational needs factor formula," as described above, the Superintendent of Public Instruction, with the concurrence of the Director of Finance, may, upon the request of the applicant district, designate a portion of the district's entitlement which may be expended for noninstructional costs, including, but not limited to, costs for vandalism, security, and insurance. In no event, shall the amount of funds in the aggregate designated for such purposes for all districts in the state exceed two million dollars ($2,000,000).

SEC. 1.7. Section 13520.3 is added to the Education Code, to read:

13520.3. When a school district operates on a year-round schedule pursuant to Chapter 7 (commencing with Section 32100) of Division 22, the salaries of employees who are employed for the extended school year may be adjusted in accordance with the ratio of the extension of the school year in months bears to the length of the school year in months prior to the commencement of year-round operation. No classroom teacher may be required to participate in a year-round program without his consent.

SEC. 2. Section 17301 of the Education Code is amended to read:

17301. (a) The State Controller shall during each fiscal year transfer from the General Fund of the state to the State School Fund such sums, in addition to the sums accruing to the State School Fund from other sources, as shall provide in the State School Fund for apportionment during the fiscal year a total amount per pupil in average daily attendance during the preceding fiscal year credited to all kindergarten, elementary, high school, community college and adult schools in the state and to the county school tuition funds, as certified by the Superintendent of Public Instruction, one hundred eighty dollars ($180).

(b) The Controller shall also transfer, as needed during each fiscal year, such additional amounts from the General Fund to the State School Fund as are certified from time to time by the Superintendent of Public Instruction to be necessary to meet actual computed apportionments from the State School Fund for the purposes set forth in Section 17303.5; provided that the total of such additional amounts transferred in a fiscal year shall not exceed, except pursuant to subdivision (c) of this section, two hundred five dollars and seventy-two cents ($205.72) for the fiscal year 1973–1974 and fiscal years thereafter, per pupil in average daily attendance during the preceding fiscal year credited to all kindergarten, elementary, high

school, community college and adult schools in the state and to the county school tuition funds, as certified by the Superintendent of Public Instruction, less the amount, if any, by which seventy cents ($0.70) multiplied by the number of units of average daily attendance credited during the preceding fiscal year to all kindergarten, elementary, high school, community college and adult schools in the state and to the county school tuition funds exceeds twenty-one dollars and fifty cents ($21.50) multiplied by the total average daily attendance credited during the preceding school year to elementary school districts which during the preceding school year had less than 901 units of average daily attendance, to high school districts which during the preceding school year had less than 301 units of average daily attendance, and to unified districts which during the preceding school year had less than 1,501 units of average daily attendance.

(c) In addition to the amounts authorized to be transferred to the State School Fund from the General Fund under subdivisions (a) and (b) of this section, the Controller shall transfer from the General Fund to the State School Fund during the fiscal year, upon certification of the Superintendent of Public Instruction, if necessary to meet actual computed apportionments for the fiscal year for the purposes set forth in Sections 17303 and 17303.5, an amount not to exceed the lesser of: (1) 1 percent of the total apportionment from the State School Fund in the preceding fiscal year for the purposes set forth in Sections 17303 and 17303.5, or (2) the net amount, if any, by which the total amounts authorized to be transferred from the General Fund to the State School Fund under subdivisions (a) and (b) of this section in prior fiscal years have exceeded the total amounts actually apportioned in prior fiscal years for the purposes set forth in Sections 17303 and 17303.5.

(d) He shall also transfer to the State School Fund any additional amounts appropriated thereto by the Legislature in augmentation of any of the amounts prescribed for any of the purposes set forth in Sections 17303 and 17303.5 and such additional amounts shall be allowed and apportioned by the Superintendent of Public Instruction and warrants therefor drawn by the Controller in the manner provided in Articles 1 and 2 (Sections 17301 to 17354, inclusive) of this chapter and in Sections 11256 and 17251, and Sections 17401 to 17417, inclusive, and Sections 17601 to 18460, inclusive.

(e) Commencing with the 1974–75 fiscal year, the unit amounts under subdivisions (a) and (b) of this section shall be considered to be increased or decreased, as the case may be, by an amount equal to the percentage increase or decrease of the statewide ratio of assessed valuation per unit of kindergarten through grade 12 statewide average daily attendance, using in such ratios the data for the preceding year compared with the second preceding year.

The Superintendent of Public Instruction shall adjust the foundation program levels prescribed for elementary and high school districts by the percentage increase or decrease in the statewide ratio of assessed valuation per unit of statewide elementary and high school average daily attendance using in such ratios the data for the preceding year compared with the second preceding year.



(f) The amounts transferred pursuant to this section shall include the amounts required to be transferred by Section 16140 of the Government Code, exclusive of the amounts required to be transferred pursuant to Section 16140 of the Government Code for the educational need factor and the Early Childhood Educational Program.

SEC. 2.04. Section 17303 of the Education Code is amended to read:

17303. The amount transferred pursuant to subdivision (a) of Section 17301 shall be expended for basic aid, equalization aid, allowances for adults, and allowances to the county school tuition funds to be apportioned on account of average daily attendance.

SEC. 2.06. Section 17303.5 of the Education Code is amended to read:

17303.5. The amount transferred pursuant to subdivision (b) of Section 17301 shall be expended in accordance with the following schedule:

(a) Twenty-one dollars and fifty cents ($21.50) multiplied by the total average daily attendance credited during the preceding school year to elementary school districts which during the preceding school year had less than 901 units of average daily attendance, to high school districts which during the preceding school year had less than 301 units of average daily attendance, and to unified districts which during the preceding school year had less than 1,501 units of average daily attendance, but not to exceed an amount equal to seventy cents ($0.70) multiplied by the average daily attendance credited during the preceding fiscal year to all kindergarten, elementary, high school, community college and adult schools in the state and to county school tuition funds, for allowance to county school service funds pursuant to subdivision (a) of Section 18352.

(b) Four dollars and forty cents ($4.40) multiplied by the total average daily attendance credited to all kindergarten, elementary, high school, community college and adult schools in the state and to county school tuition funds during the preceding school year for the purposes of Article 10 (commencing with Section 18051) of Chapter 3 of this division.

(c) Nineteen dollars and fifty-two cents ($19.52) multiplied by the total average daily attendance credited to all kindergarten, elementary, high school, community college and adult schools in the state and to county school tuition funds during the preceding school year, for the purposes of Sections 18060 and 18062, and Article 11 (commencing with Section 18101) of Chapter 3 of this division.

(d) Three dollars and six cents ($3.06) multiplied by the total

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average daily attendance credited to all kindergarten, elementary, high school, community college and adult schools in the state and to county school tuition funds during the preceding school year for allowances to county school service funds pursuant to subdivision (b) of Section 18352.

(e) One dollar and sixty-seven cents ($1.67) multiplied by the average daily attendance during the preceding fiscal year credited to all kindergarten, elementary, high school, community college and adult schools in the state and to county school tuition funds for allowances to school districts for the purposes of Section 6426.

(f) One hundred sixty-seven dollars and seventy-two cents ($167.72) multiplied by the average daily attendance during the preceding fiscal year credited to all kindergarten, elementary, high school, community college and adult schools in the state and to county school tuition funds during the preceding school year for basic aid, equalization aid, allowances for adults, and allowances to the county school tuition funds to be apportioned on account of average daily attendance. The amount expended pursuant to this subdivision shall be annually revised to reflect the adjustment prescribed by subdivision (e) of Section 17301.

(g) Eight dollars and sixty-five cents ($8.65) multiplied by the average daily attendance during the preceding school year credited to all kindergarten, elementary, high school, community college and adult schools in the state and to county school tuition funds for purposes of Chapter 7.1 (commencing with Section 6750) of Division 6.

SEC. 2.07. Section 17401.5 is added to the Education Code, to read:

17401.5. If, due to changes in federal legislation, the entitlement under P.L. 874 of the 81st Congress for the 1972–1973 fiscal year has been reduced substantially in a district, the district superintendent may petition the State Superintendent of Public Instruction for an advance of funds during such fiscal year of a part of the principal apportionment to such district for the 1973–1974 fiscal year, which advance shall not exceed the amount of the computed reduction.

If, upon review of a request, the Director of Finance and the Superintendent of Public Instruction deem it necessary to provide an advance of funds, they shall certify to the Controller the amount of the advance to be allowed, and the Controller shall transfer such amount to the school district. The principal apportionment to the school district for the 1973–1974 fiscal year shall be reduced accordingly.

SEC. 2.08. Section 17402 of the Education Code is amended to read:

17402. The Superintendent of Public Instruction shall on or before February 20th of each year apportion to each elementary school district, high school district, community college district, county school service fund, and county school tuition fund the total amounts allowed to them under Sections 6426, 17751, 17801, 17851, 17901, 17902, 17904, 17951, 17952, 18060, 18062, 18102, 18102.2, 18102.4, 18102.6, 18102.9, 18352, 18355, 18358, 18401, and Sections 18451 to 18456, inclusive, whichever are in effect. This apportionment shall be called the first principal apportionment.



SEC. 2.10. Section 17407 of the Education Code is amended to read:

17407. The Superintendent of Public Instruction shall on or before June 25th of each year apportion to each elementary school district, high school district, community college district, county school service fund, and county school tuition fund the total amounts allowed to them under Sections 6426, 17751, 17801, 17851, 17901, 17902, 17904, 17951, 17952, 18060, 18062, 18102, 18102.2, 18102.4, 18102.6, 18102.9, 18352, 18355, 18358, 18401, and Sections 18451 to 18456, inclusive, whichever are in effect. This apportionment shall be called the second principal apportionment.

SEC. 2.12. Section 17411 of the Education Code is amended to read:

17411. The Superintendent of Public Instruction shall withhold from the apportionment to an elementary school district, as a part of the first principal apportionment and second principal apportionment, the amount allowed the elementary school district for the average daily attendance in grades 7 and 8 in a junior high school by reason of the operation of subdivisions (a) and (b) of Section 17601. The amount withheld shall be determined by multiplying the total amount of basic state aid and state equalization aid computed for the district by the foundation program for units of average daily attendance in grades 7 and 8 and dividing the product by the total foundation program of the district.

The Superintendent of Public Instruction shall add the amount withheld to the apportionment required to be made to the high school district maintaining the junior high school.

SEC. 2.14. Section 17507 of the Education Code is amended to read:

17507. Minimum Class Size Standards; Apportionments; Reports; Rules and Regulations

The Superintendent of Public Instruction, in computing apportionments and allowances from the State School Fund for the second principal apportionment, shall determine the following for the regular day classes of the elementary schools maintained by each school district:

(a) For grades 1 to 3, inclusive, he shall determine the number of classes the number of pupils enrolled in each class, the total enrollment in all such classes, the average number of pupils enrolled per class, and the total of the numbers of pupils which are in excess of thirty (30) in each class.

For those districts which do not have any classes with an enrollment in excess of 32 and whose average size for all the classes is 30.0 or less,

there shall be no excess declared. For those districts which have one or more classes in excess of an enrollment of 32 or whose average size for all the classes is more than 30, the excess shall be the total of the number of pupils which are in excess of 30 in each class having an enrollment of more than 30.

(b) For grades 4 to 8, inclusive, he shall determine the total number of pupils enrolled, the number of full-time equivalent classroom teachers, and the average number of pupils per each full-time equivalent classroom teacher. He shall also determine the excess if any, of pupils enrolled in such grades in the following manner:

(1) Determine the number of pupils by which the average number of pupils per each full-time equivalent classroom teacher for the current fiscal year exceeds the greater of the average number of pupils per each full-time equivalent classroom teacher in all the appropriate districts of the state, as determined by the Superintendent of Public Instruction, for October 30, 1964, or the average number of pupils per each full-time equivalent classroom teacher which existed in the district on either October 30, 1964 or March 30, 1964, as selected by the governing board.

(2) Multiply the number determined in (1) above by the number of full-time equivalent classroom teachers of the current fiscal year.

(3) Reduce the number determined in (2) above by the remainder which results from dividing such number by the average number of pupils per each full-time equivalent teacher for October 30, 1964, as determined by the Superintendent of Public Instruction in (1) above.

(c) He shall compute the product obtained by multiplying the excess number of pupils, if any, under the provisions of subdivision (a) of this section by ninety-seven hundredths (0.97), and shall multiply the product so obtained by the ratio of statewide change in average daily attendance to district change in average daily attendance. Change in average daily attendance shall be determined by dividing average daily attendance in grades 1, 2 and 3 reported for purposes of the first principal apportionment of the current year by that reported for purposes of the first principal apportionment of the preceding year.

(d) If the school district reports that it has maintained, during the current fiscal year, any classes in which there were enrolled pupils in excess of thirty (30) per class pursuant to subdivision (a) of this section, and there is no excess number of pupils computed pursuant to subdivision (b) of this section, he shall decrease the average daily attendance reported under the provisions of Section 17601.1 by the product determined under subdivision (c) of this section.

(e) If the school district reports that it has maintained, during the current fiscal year, no classes in which there were enrolled pupils in excess of thirty (30) per class determined pursuant to subdivision (a) of this section, and there is an excess number of pupils computed pursuant to subdivision (b) of this section, he shall make the following computation:



He shall compute the product obtained by multiplying the excess number of pupils computed pursuant to subdivision (b) of this section by ninety-seven hundredths (0.97) and shall multiply the product so obtained by the ratio of statewide change in average daily attendance to the district change in average daily attendance. He shall decrease the average daily attendance reported under the provisions of Section 17601.1 by the resulting product.

(f) If the school district reports that it has maintained, during the current fiscal year, any classes in which there were enrolled pupils in excess of thirty (30) per class determined pursuant to subdivision (a) of this section, and there is an excess number of pupils computed pursuant to subdivision (b) of this section, he shall make the following computation:

He shall add to the product determined under subdivision (c) of this section, the product determined under subdivision (e) of this section and decrease the average daily attendance reported under the provisions of Section 17601.1 by this total amount.

The governing board of each school district maintaining elementary schools shall report for the fiscal year 1964–65 and each year thereafter the information required for the determination to be made by the Superintendent of Public Instruction under the provisions of this section in accordance with instructions provided on forms furnished and prescribed by the Superintendent of Public Instruction. Such information shall be reported by the school district together with, and at the same time as, the reports required to be filed for the second principal apportionment of the State School Fund. The forms on which the data and information is reported shall include a certification by each school district superintendent or chief administrative officer that the data is correct and accurate for the period covered, according to his best information and belief.

For purposes of this section, a "full-time equivalent classroom teacher" means an employee of an elementary, high school, or unified school district, employed in a position requiring certification qualifications and whose duties require him to teach pupils in the elementary schools of that district in regular day classes for the full time for which he is employed during the regular schoolday. In reporting the total number of full-time equivalent classroom teachers, there shall be included, in addition to those employees defined above, the full-time equivalent of all fractional time for which employees in positions requiring certification qualifications are required to devote to teaching pupils in the elementary schools of the district in regular day classes during the regular schoolday.

For purposes of this section, the number of pupils enrolled in each class means the average of the active enrollment in that class on the last teaching day of each school month which ends prior to April 15th of each school year.

The provisions of this section are not applicable to school districts with less than 101 units of average daily attendance for the current fiscal year.

Although no decreases in average daily attendance shall be made for the fiscal year 1964–65, reports are required to be filed under the provisions of this section, and the Superintendent of Public Instruction shall notify each school district the amount of the decrease in state allowances which would have been effected had such decrease in average daily attendance been applied.

The Superintendent of Public Instruction shall adopt rules and regulations which he may deem necessary for the effective administration of this section. Such rules and regulations may specify that no decrease in average daily attendance reported under the provisions of Section 17601.1 shall be made for a school district on account of large classes due to instructional television or team teaching, which may necessarily involve class sizes at periods during the day larger than the standard set forth in this section.

SEC. 2.18. Section 17655.5 of the Education Code is amended to read:

17655.5. (a) For each district on account of each necessary small school (giving regard to the number of teachers actually employed or average daily attendance), he shall make one of the following computations, whichever provides the lesser amount:

(1) For each necessary small school which has an average daily attendance during the fiscal year of less than 26, exclusive of pupils attending the seventh and eighth grades of a junior high school, and for which school at least one teacher was hired full time, he shall compute for the district eighteen thousand eight hundred seventy-five dollars ($18,875).

(2) For each necessary small school which has an average daily attendance during the fiscal year of 26 or more and less than 51, exclusive of pupils attending the seventh and eighth grades of a junior high school, and for which school at least two teachers were hired full time for more than one-half of the days schools were maintained, he shall compute for the district thirty-seven thousand seven hundred fifty dollars ($37,750).

(3) For each necessary small school which has an average daily attendance during the fiscal year of 51 or more but less than 76, exclusive of pupils attending the seventh and eighth grades of a junior high school, and for which school three teachers were hired full time for more than one-half of the days schools were maintained, he shall compute for the district fifty-six thousand six hundred twenty-five dollars ($56,625).

(4) For each necessary small school which has an average daily attendance during the fiscal year of 76 or more and less than 101, exclusive of pupils attending the seventh and eighth grades of a junior high school, and for which school four teachers were hired full time for more than one-half of the days schools were maintained, he shall compute for the district seventy-five thousand five hundred dollars ($75,500).



(b) For each district on account of each small school not determined to be a necessary small school under Section 17655 he shall make one of the following computations, whichever applies:

(1) If the total of the units of average daily attendance of the district during the fiscal year, exclusive of pupils attending the seventh and eighth grades of a junior high school, is less than 901, he shall multiply the units of average daily attendance in the school by seven hundred fifty-five dollars ($755).

(2) If the total of the units of average daily attendance in the district during the fiscal year, exclusive of pupils attending the seventh and eighth grades of a junior high school, is 901 or more, he shall multiply the units of average daily attendance by seven hundred sixty-five dollars ($765).

SEC. 2.20. Section 17656 of the Education Code is amended to read:

17656. For each elementary school district which, exclusive of pupils attending the seventh and eighth grades of a junior high school, has an average daily attendance of 101 or more but less than 901 during the fiscal year, he shall compute an amount determined by multiplying the total average daily attendance, exclusive of pupils attending the seventh and eighth grades of a junior high school and pupils for whom a foundation program is computed under Section 17655.5, by seven hundred fifty-five dollars ($755).

For each elementary school district which, exclusive of pupils attending the seventh and eighth grades of a junior high school, has an average daily attendance of 901 or more during the fiscal year, he shall compute an amount determined by multiplying the total average daily attendance, exclusive of pupils attending the seventh and eighth grades of a junior high school, and pupils for whom a foundation program is computed under Section 17655.5, by seven hundred sixty-five dollars ($765).

SEC. 2.22. Section 17660 of the Education Code is amended to read:

17660. For each elementary school district with an average daily attendance, exclusive of pupils attending the seventh and eighth grades of a junior high school, of less than 901 during the fiscal year, on account of the attendance during the fiscal year of pupils in the seventh and eighth grades of a junior high school which attendance is credited to the elementary school district pursuant to Sections 11404 and 5612, he shall multiply the average daily attendance in such grades by seven hundred fifty-five dollars ($755).

For each elementary school district with an average daily attendance, exclusive of pupils attending the seventh and eighth grades of a junior high school, of 901 or more during the fiscal year,

on account of the attendance during the fiscal year of pupils in the seventh and eighth grades of a junior high school which attendance is credited to the elementary school district pursuant to Sections 11404 and 5612, he shall multiply the average daily attendance in such grades by seven hundred sixty-five dollars ($765).

SEC. 2.24. Section 17664 of the Education Code is amended to read:

17664. (a) For each district on account of each necessary small high school the Superintendent of Public Instruction shall make one of the following computations selected with regard only to the number of certificated employees employed or average daily attendance, whichever provides the lesser amount:

| Average daily attendance | Minimum number of certificated employees | Amount to be computed |
|---|---|---|
| 1– 20 | less than 3 | $16,519 per teacher |
| 1– 20 | 3 | 83,772 |
| 21– 40 | 4 | 100,291 |
| 41– 60 | 5 | 116,810 |
| 61– 75 | 6 | 133,329 |
| 76– 90 | 7 | 149,848 |
| 91–105 | 8 | 166,367 |
| 106–120 | 9 | 182,886 |
| 121–135 | 10 | 199,405 |
| 136–150 | 11 | 205,924 |
| 151–180 | 12 | 232,443 |
| 181–220 | 13 | 248,962 |
| 221–260 | 14 | 265,481 |
| 261–300 | 15 | 282,000 |

(b) For each district on account of each small high school not determined to be a necessary small high school under Sections 17663, 17663.5, and 17663.7, he shall make one of the following computations, whichever applies:

(1) If the total of the units of average daily attendance in the district during the fiscal year is less than 301, he shall multiply the units of average daily attendance during the fiscal year in the school by nine hundred forty dollars ($940).

(2) If the total of the units of average daily attendance in the district during the fiscal year is more than 300, he shall multiply the units of average daily attendance during the fiscal year in the school by nine hundred fifty dollars ($950).

For the purposes of this section a "certificated employee" is an equivalent full-time position of an individual holding a credential authorizing service, and performing service in grades 9 through 12 in any secondary school. Any fraction of an equivalent full-time position shall be deemed to be a full-time position.



The foundation program established by this section for high schools with an average daily attendance of less than 301 shall not apply to any high school established after July 1, 1961 unless the establishment of such schools has been approved by the Superintendent of Public Instruction.

SEC. 2.26. Section 17665 of the Education Code is amended to read:

17665. For each high school district which has an average daily attendance of 301 or more during the fiscal year, he shall multiply the average daily attendance by nine hundred fifty dollars ($950).

SEC. 2.28. Section 17665.5 of the Education Code is amended to read:

17665.5. For a high school district which has an attendance credited pursuant to Section 10815, he shall multiply the average daily attendance by nine hundred fifty dollars ($950).

SEC. 2.30. Section 17674 of the Education Code is repealed.

SEC. 2.32. Section 17675 of the Education Code is amended to read:

17675. The increases in foundation programs prescribed by Section 17671 shall in no event be provided for any school district for any elementary school with an average daily attendance of less than 101 which does not qualify as a "necessary small school" under Section 17655, or any high school with an average daily attendance of less than 301 which does not qualify as a "necessary small high school" under Section 17663.

SEC. 2.36. Section 17702 of the Education Code is amended to read:

17702. The Superintendent of Public Instruction shall compute for each district described herein which does not come within the provisions of Section 17702.2 the amount, to be known as district aid, which a tax levied on each one hundred dollars ($100) of 100 percent of the assessed valuation in such district as shown by the equalized assessment roll of the district for the current year would produce if levied, if such tax was:

(a) Two dollars and twenty-three cents ($2.23) in an elementary school district.

(b) One dollar and sixty-four cents ($1.64) in a high school district.

(c) Twenty-five cents ($0.25) in a community college district.

SEC. 2.38. Section 17702.2 of the Education Code is amended to read:

17702.2. The Superintendent of Public Instruction shall compute the areawide aid to be utilized in determining state apportionments to be made for the support of elementary school districts and high school districts with respect to which an areawide foundation program is computed under Article 2.5 (commencing with Section 17680) of this chapter. Areawide aid shall be the amount which a tax levied on

each one hundred dollars ($100) of 100 percent of the assessed valuation for the current fiscal year, modified where necessary pursuant to Section 17262, of the area comprising all of such elementary school districts and all of such high school districts would produce, if levied, if such tax were: (a) in the case of the elementary school district area, one dollar ($1); and (b) in the case of the high school district area, eighty cents ($0.80).

If the Superintendent of Public Instruction finds that the difference obtained by subtracting the areawide aid as computed under the above provisions of this section from the areawide foundation program is less than the product obtained by multiplying the average daily attendance used for foundation program purposes by one hundred twenty-five dollars ($125), he shall reduce the areawide aid to an amount which, when added to such product, will equal the amount of the areawide foundation program.

SEC. 2.46. Section 17706 of the Education Code is amended to read:

17706. The Superintendent of Public Instruction shall determine the individual areawide aid for each elementary district included within territory for which an areawide foundation program was computed pursuant to Article 2.5 (commencing with Section 17680) of this chapter, by: (1) dividing the total areawide aid derived by the elementary school districts in the territory under Section 17702.2, by (2) the areawide foundation program derived for the territory under Section 17680, and (3) multiplying the quotient by the foundation program computed for each district under Article 2 (commencing with Section 17651) and Article 2.1 (commencing with Section 17671) of this chapter.

He shall determine the individual areawide aid for each high school district included within territory for which an areawide foundation program was computed pursuant to Article 2.5 (commencing with Section 17680) of this chapter, by: (1) dividing the total areawide aid derived for the high school districts in the territory under Section 17702.2, by (2) the areawide foundation program derived for the territory under Section 17680, and (3) multiplying the quotient by the foundation program computed for each district under Article 2 (commencing with Section 17651) and Article 2.1 (commencing with Section 17671) of this chapter.

The district aid for an elementary school district within an area shall be the sum of the prorated areawide aid received by the district and the yield of one dollar and twenty-three cents ($1.23) levied on each one hundred dollars ($100) of 100 percent of the assessed valuation in such district. The district aid for a high school district within an area shall be the sum of the prorated areawide aid received by the district and the yield of eighty-four cents ($0.84) levied on each one hundred dollars ($100) of assessed valuation in such district.

SEC. 2.52. Section 17910 of the Education Code is amended to read:



17910. The Superintendent of Public Instruction shall compute the state equalization aid pursuant to this article upon the basis that the district's assessed value has not been reduced by the partial exemption for business inventories in the district or reduced by the homeowner's property tax exemption.

SEC. 2.54. Article 7.1 (commencing with Section 17920) of Chapter 3 of Division 14 of the Education Code is repealed.

SEC. 2.56. Section 18102 of the Education Code is amended to read:

18102. The Superintendent of Public Instruction shall allow to each school district or county superintendent of schools for the education of physically handicapped minors during the current fiscal year an amount computed as follows:

(a) Dividing the average daily attendance of physically handicapped minors by the maximum class size established by law for special day classes for physically handicapped minors, and increasing the quotient to the next highest integer where a fractional amount is produced.

(b) Multiplying the amount computed under subdivision (a) by a total support guarantee of twenty-one thousand seven hundred sixty dollars ($21,760).

(c) Subtracting from the amount computed under subdivision (b) the applicable of the following amounts:

(1) The product of the average daily attendance of physically handicapped minors in kindergartens and grades 1 to 8, inclusive, and the foundation program per pupil established for elementary school districts with an average daily attendance of 901 or more by Section 17660.

(2) The product of the average daily attendance of physically handicapped minors in grades 9 to 12, inclusive, and the foundation program per pupil established for high school districts with an average daily attendance of 301 or more by Section 17665.

(3) The product of the average daily attendance of physically handicapped minors in grades 13 and 14, and the foundation program per pupil established for community college districts with an average daily attendance in excess of 1,000 by Section 17666.2.

SEC. 2.58. Section 18102.2 of the Education Code is amended to read:

18102.2. The Superintendent of Public Instruction shall allow to each school district or county superintendent of schools for the education of mentally retarded minors during the current fiscal year an amount computed as follows:

(a) Dividing the average daily attendance of mentally retarded minors by the maximum class size established by law for special day classes for mentally retarded minors, and increasing the quotient to the next highest integer where a fractional amount is produced.

(b) Multiplying the amount computed under subdivision (a) by a total support guarantee of twenty thousand four hundred dollars ($20,400), and

(c) Subtracting from the amount computed under subdivision (b) the applicable of the following amounts:

(1) The product of the average daily attendance of mentally retarded minors in kindergartens and grades 1 to 8, inclusive, and the foundation program per pupil established for elementary school districts with an average daily attendance of 901 or more by Section 17660, and

(2) The product of the average daily attendance of mentally retarded minors in grades 9 to 14, inclusive, and the foundation program per pupil established for high school districts with an average daily attendance of 301 or more by Section 17665.

(3) The product of the average daily attendance of mentally retarded minors in grades 13 and 14, and the foundation program per pupil established for community college districts with an average daily attendance in excess of 1,000 by Section 17666.2.

SEC. 2.60. Section 18102.4 of the Education Code is amended to read:

18102.4. The Superintendent of Public Instruction shall allow to each school district or county superintendent of schools for the education of severely mentally retarded minors during the current fiscal year an amount computed as follows:

(a) Dividing the average daily attendance of severely mentally retarded minors by the maximum class size established by law for special day classes for severely mentally retarded minors, and increasing the quotient to the next highest integer where a fractional amount is produced.

(b) Multiplying the amount computed under subdivision (a) by a total support guarantee of nineteen thousand eight hundred dollars ($19,800), and

(c) Subtracting from the amount computed under subdivision (b) the applicable of the following amounts:

(1) The product of the average daily attendance of severely mentally retarded minors in kindergartens and grades 1 to 8, inclusive, and the foundation program per pupil established for elementary school districts with an average daily attendance of 901 or more by Section 17660, and

(2) The product of the average daily attendance of severely mentally retarded minors in grades 9 to 14, inclusive, and the foundation program per pupil established for high school districts with an average daily attendance of 301 or more by Section 17665.

(3) The product of the average daily attendance of severely mentally retarded minors in grades 13 and 14, and the foundation program per pupil established for community college districts with an average daily attendance in excess of 1,000 by Section 17666.2.





SEC. 2.62. Section 18102.6 of the Education Code is amended to read:

18102.6. The Superintendent of Public Instruction shall allow to each school district or county superintendent of schools for the education of educationally handicapped minors during the current fiscal year an amount computed as follows:

(a) Dividing the average daily attendance of educationally handicapped minors, less the enrollment in excess of the maximum class size authorized pursuant to Section 6751.1, by the maximum class size established by law for special day classes for educationally handicapped minors, and increasing the quotient to the next highest integer where a fractional amount is produced.

(b) Multiplying the amount computed under subdivision (a) by a total support guarantee of twenty thousand seven hundred forty dollars ($20,740), and

(c) Subtracting from the amount computed under subdivision (b) the applicable of the following amounts:

(1) The product of the average daily attendance of educationally handicapped minors in kindergartens and grades 1 to 8, inclusive, and the foundation program per pupil established for elementary school districts with an average daily attendance of 901 or more by Section 17660, and

(2) The product of the average daily attendance of educationally handicapped minors in grades 9 to 14, inclusive, and the foundation program per pupil established for high school districts with an average daily attendance of 301 or more by Section 17665.

(3) The product of the average daily attendance of educationally handicapped minors in grades 13 and 14, and the foundation program per pupil established for community college districts with an average daily attendance in excess of 1,000 by Section 17666.2.

SEC. 2.63. Section 18105 is added to the Education Code, to read:

18105. The Superintendent of Public Instruction shall annually adjust each total support guarantee amount specified in this article by an inflation index determined jointly by the Department of Education and the Department of Finance.

SEC. 2.64. Section 18451 of the Education Code is amended to read:

18451. (a) The total amount allowed from the State School Fund as basic and equalization aid, and allowances in lieu of basic and equalization aid allowed pursuant to Sections 18355, 18358, and 18401, to be apportioned on account of average daily attendance during the fiscal year credited to all kindergarten, elementary, high school, junior college and adult schools in the state and county school tuition funds on account of elementary, high school, and community college school pupils shall not exceed the amount provided by law therefor.

(b) The total amount allowed from the State School Fund pursuant to Sections 18060, 18062, 18102, 18102.2, 18102.4, 18102.6, and 18102.9

shall not exceed the amount provided by law therefor.

SEC. 2.66. Section 18452 of the Education Code is amended to read:

18452. If the total amount allowed from the State School Fund to all school districts, county school service funds, and county school tuition funds under Sections 6426, 6762, 17751, 17801, 17851, 17901, 17902, 17904, 17951, 17952, 17970, 18355, 18358, and 18401 on account of average daily attendance during the fiscal year credited to all kindergarten, elementary, high school, community college and adult schools in the state and county school tuition funds is less than the amount provided by law for such purposes, the balance shall be allowed pursuant to Section 18460.

SEC. 2.68. Section 18455 of the Education Code is amended to read:

18455. If the total amount allowed from the State School Fund to all school districts, county school service funds, and county tuition funds under Sections 17751, 17801, 17851, 17951, 17952, 17901, 17902, 17904, 17970, 18355, 18358, and 18401, on account of average daily attendance during the fiscal year credited to all kindergarten, elementary, high school, community college and adult schools in the state and county school tuition funds is more than the total amount provided by law for such purposes, the amount allowed each such district as state equalization aid from the State School Fund shall be reduced proportionately.

SEC. 2.70. Section 20814.5 of the Education Code, as added by Chapter 1 of the Statutes of 1971 First Extraordinary Session of the Legislature, is repealed.

SEC. 2.72. Article 6 (commencing with Section 20902) is added to Chapter 3 of Division 16 of the Education Code, to read:

Article 6. Property Tax Revenue Control for School Districts

20902. Notwithstanding any other provisions of law, for the 1973–74 fiscal year, and fiscal years thereafter, the maximum tax rate for school districts other than community college districts shall be as provided in this article. A community college district may utilize any increase in the otherwise applicable maximum school district tax rate authorized by any law applicable to community college districts.

20903. Commencing on July 1, 1973, the maximum school district tax rate of any school district maintaining kindergarten and any of grades 1 to 12 inclusive, shall be the rate computed pursuant to this article. In addition, each such district may levy a tax as authorized in Section 15517, 15518, 16633, 16635, 16645.9, 19443, 19619, 20911, 20930, or 22101. Any other provision of law fixing the maximum school district tax rate for any such district or authorizing the levy and collection of taxes for any other purpose is hereby superseded and declared inoperative as to such districts.



20904. (a) For the 1973–74 fiscal year only, the county superintendent of public schools shall compute for each school district in the county an amount equal to the sum of (1) the district's 1972–73 fiscal year tax rate plus the unlevied portion of any voted override but exclusive of taxes provided in Section 15517, 15518, 16633, 16635, 16645.9, 19443, 19619, 20911, 20930, or 22101, multiplied by the assessed valuation of the district for the 1972–73 fiscal year, (2) the amount of areawide aid received by the district for the 1972–73 fiscal year, (3) 32½ percent of the residual retirement reserve transferred for SB 1053 of the 1972 legislative session, and (4) the total amount of basic state aid, equalization aid, supplemental support, and inflation cost adjustment which the districts received pursuant to the provisions of this code and the Budget Act of 1972 as computed by the Superintendent of Public Instruction.

(b) The amount computed in subdivision (a) shall be divided by the foundation program average daily attendance in the second principal apportionment and shall be the 1972–73 base revenue per unit of average daily attendance.

(c) The base revenue per unit of average daily attendance for each district shall be divided into the following amounts per unit of average daily attendance: for elementary districts, nine hundred dollars ($900); for high school districts, one thousand one hundred sixty-five dollars ($1,165); for unified districts, nine hundred eighty dollars ($980). If the result is greater than one it shall be deemed to be one.

(d) The quotient determined pursuant to subdivision (c) shall be multiplied by sixty-five dollars ($65) per unit of average daily attendance.

(e) The product determined pursuant to subdivision (d) shall be added to the base revenue per unit of average daily attendance determined pursuant to subdivision (b) and multiplied by the estimated foundation program unit of average daily attendance of the districts for the 1973–74 fiscal year.

(f) The amount computed pursuant to subdivision (e) shall be compared with the total amount computed for the district pursuant to Article 2 (commencing with Section 17651) and Article 21 (commencing with Section 17671) of Chapter 3 of Division 14 of the Education Code. The larger of the two amounts shall be the revenue limit of the district for the 1973–74 fiscal year but in no case shall exceed one hundred fifteen percent (115%) of the 1972–73 base revenue per unit of average daily attendance multiplied by the 1973–74 estimated foundation program average daily attendance. This revenue limit is exclusive of federal funds and state funds except those specified in subdivision (a).

(g) From the revenue limit ascertained from the comparison made pursuant to subdivision (f), there shall be subtracted the total amount of basic state aid and state equalization aid to be received by the

district during the 1973–74 fiscal year, as adjusted by repayment of any advances authorized by Section 17401.5.

(h) The amount determined pursuant to subdivision (g) shall be adjusted sufficiently to allow for the mandated increases for district contributions for the State Teachers' Retirement System as required by Section 14100 of the Education Code. Such adjustment, together with any rate levied in 1972–73 pursuant to Section 14111 of the Education Code, shall not exceed the revenue derived by the tax rate provided in Section 14111 of the Education Code.

(i) The amount computed pursuant to subdivision (h) shall be the local revenue limit of the district for the 1973–74 fiscal year. From the local revenue limit, there shall be subtracted 32¼ percent of the residual retirement reserve transferred under SB 1053 of the 1972 legislative session.

(j) From the amount computed in subdivision (h), there shall be subtracted the amount of money collected or to be collected as taxes on property on the unsecured roll of the 1973–74 fiscal year, excluding the amounts collected through the levy of taxes provided in Section 15517, 15518, 16633, 16635, 16645.9, 19443, 19619, 20911, 20930, or 22101.

(k) The amount determined pursuant to subdivision (j) shall be divided by the amount of actual assessed valuation of the district on the secured roll. The quotient multiplied by 100 shall be the tax rate on each one hundred dollars ($100) of such assessed valuation and shall be the maximum general purpose rate which may be levied in the district during the 1973–74 fiscal year, exclusive of taxes provided in Section 15517, 15518, 16633, 16635, 16645.9, 19443, 19619, 20911, 20930, or 22101. However, in no case for districts receiving equalization aid, shall the limit be reduced below one dollar ($1) on the elementary level or eighty cents ($0.80) on the high school level or one dollar and eighty cents ($1.80) for unified.

20905. (a) For the 1974–75 fiscal years and thereafter, the maximum tax rate shall be the rate computed pursuant to this section exclusive of taxes provided in Section 15517, 15518, 16633, 16645.9, 19443, 19619, 20911, 20930, or 22101.

(b) The revenue limit per foundation program unit of average daily attendance for the district for the prior fiscal year shall be computed by the Superintendent of Public Instruction and divided into the appropriate foundation program amount per unit of average daily attendance. If the quotient is greater than one, it shall be deemed to be one.

(c) The foundation program amount per unit of average daily attendance used as the dividend in subdivision (b) shall be determined by the Superintendent of Public Instruction pursuant to this subdivision. For elementary school districts, it shall be the foundation program for districts which have an average daily attendance of 901 or more as determined pursuant to Section 17656. For high school districts it shall be the foundation program





determined pursuant to Section 17665. For unified districts, it shall be the sum of (1) the foundation program for districts which have an average daily attendance of 901 or more pursuant to Section 17656 multiplied by the elementary foundation program units of average daily attendance of unified districts in the second principal apportionment plus (2) the foundation program pursuant to Section 17665 multiplied by the high school foundation program units of average daily attendance of unified districts in the second principal apportionment divided by the sum of the elementary and high school units of average daily attendance of unified districts in the school principal apportionment.

(d) The inflation adjustment jointly determined by the Department of Education and the Department of Finance, shall be multiplied by the appropriate foundation program amount.

(e) The product determined pursuant to subdivision (d) shall be multiplied by the quotient determined pursuant to subdivision (b). The resultant amount shall constitute the revenue limit inflation adjustment of the district.

(f) The revenue limit inflation adjustment shall be added to the prior year revenue limit per foundation program unit of average daily attendance of the district and the sum multiplied by the estimated foundation program average daily attendance of the budget year. The product shall be the revenue limit of the district for the budget year.

(g) Any district which had a 1972–73 fiscal year tax rate exclusive of taxes provided in Section 15517, 15518, 16633, 16635, 16645.9, 19443, 19619, 20911, 20930, or 22101 which was greater than or equal to the appropriate rate prescribed under Section 17702, and which has a revenue limit computed pursuant to subdivision (f) which is less than the foundation program computed for the district pursuant to Article 2 and 2.1 of Chapter 3 of Division 14 of the Education Code may increase its revenue limit computed pursuant to subdivision (f) to the lesser of the foundation program level of the district or the prior year revenue limit increased by fifteen percent (15%).

(h) From the amount computed pursuant to subdivision (f) or (g), there shall be subtracted the basic and equalization aid estimated for the budget year.

(i) The amount determined pursuant to subdivision (h) shall be adjusted sufficiently to allow for the mandated increases for district contributions for the State Teachers' Retirement System as required by Section 14100 of the Education Code. Such adjustment, together with any rate levied in any prior year pursuant to Section 14111 of the Education Code, shall not exceed the revenue derived by the tax rate provided in Section 14111 of the Education Code. The adjusted amount shall be the local revenue limit of the district for the budget year.

(j) From the amount computed pursuant to subdivision (i), there shall be subtracted the amount of money collected or to be collected

as taxes on property on the unsecured roll of the budget year, excluding the amounts collected through the levy of taxes provided in Section 15517, 15518, 16633, 16635, 16645.9, 19443, 19619, 20911, 20930, or 22101.

(k) The amount determined pursuant to subdivision (j) shall be divided by the amount of actual assessed valuation of the district on the secured roll. The quotient multiplied by 100 shall be the tax rate on each one hundred dollars ($100) of such assessed valuation and shall be the maximum general purpose rate which may be levied in the district during the budget year, exclusive of taxes provided in Section 15517, 15518, 16633, 16645.9, 19443, 19619, 20911, 20930, or 22101. However, in no case for districts receiving equalization aid, shall the limit be reduced below one dollar ($1) on the elementary level or eighty cents ($0.80) on high school level or one dollar and eighty cents ($1.80) for unified.

20906. Commencing with the 1973–74 fiscal year, the maximum tax rate prescribed by Sections 20904 and 20905 may be exceeded upon approval of a majority of the electors of the district voting on a proposition to that effect pursuant to Section 20803. Such approval may be granted for any period of time, and shall be in addition to the revenue limit computed pursuant to this article. Income from this voted increase is not included in adjusting permitted inflation increments in subsequent years.

20907. Whenever the computation required by Section 20904 or 20905 results, because of estimating error, in a total income limit in an amount more or less than actual data would have produced, the revenue limit for the succeeding fiscal year shall be reduced a like amount if the total produced was more, and may be increased by such amount if the total produced was less.

20909. If the electors of a district approve an increase in the maximum tax rate during the 1972–73 fiscal year, the revenue from that increase shall be deemed to have been a part of the district's revenue for that fiscal year even if the tax rate does not become operative until the 1973–74 fiscal year.

20910. If the term of a voter approved increase in the maximum tax rate of a district expired and the increase was not available for the 1972–73 fiscal year, the revenues which would have been derived from such an increase shall be excluded from the computation of base revenue for the district during the 1972–73 fiscal year for purposes of Section 20904.

20910.5. If the electors of a district have approved an increase in the maximum tax rate of the district and if any portion of such voted increase had not been levied in any year since it had been authorized, the district may levy the unused portion of the voted increase in the maximum tax rate in 1973–74 or in any subsequent year. Such levy shall be in addition to all other tax rates authorized by this code.

20911. The unexpended proceeds of any permissive tax rate, the



authorization for the levy and collection of which has been made inoperative by this article, shall be transferred to the general fund of the district on July 1, 1973. The consolidation of all tax rates previously permitted and now included to the extent needed within the total general fund rate does not preclude districts from expending funds for the purposes normally supported by such permissive restricted overrides in prior years.

20912. It is the intent of the Legislature that an interim study be conducted on wealth equalizing among school districts; including but not limited to such means of wealth equalizing as variable foundation programs, power or wealth equalizing and wealth pulling.

SEC. 2.74. Chapter 3.5 (commencing with Section 20910) of Division 16 of the Education Code is repealed.

SEC. 4. Chapter 1 (commencing with Section 16100) of Part 1 of Division 4 of Title 2 of the Government Code, as such chapter exists after the enactment of Chapter 1066 of the Statutes of the 1972 Regular Session of the Legislature, is repealed.

SEC. 5. Chapter 1 (commencing with Section 16100) is added to Part 1 of Division 4 of Title 2 of the Government Code, to read:

## CHAPTER 1. APPROPRIATION

16100. There is hereby continuously appropriated from the State General Fund to the Controller an amount sufficient to pay the subventions required by this part.

16101. It is the purpose of this part to provide property tax relief to the citizens of this state, as undue reliance on the property tax to finance various functions of government has resulted in serious detriment to one segment of the taxpaying public. The subventions from the State General Fund required under this part will serve to partially equalize tax burdens among all citizens, and the state as a whole will benefit.

CHAPTER 2.5. TRANSFERS TO THE STATE SCHOOL FUND

16130. Out of funds appropriated by Section 16100, the Controller shall transfer the following amounts to the State School Fund:

(a) For the 1973–1974 fiscal year, he shall transfer as needed four hundred fifty-four million dollars ($454,000,000) to finance the changes in school support formulas contained in the act adding this section to the Government Code at the 1972 Regular Session of the Legislature, plus eighty-two million dollars ($82,000,000) to be allocated on the basis of the educational need factor formula pursuant to Chapter 6.10 (commencing with Section 6499.230) of Division 6 of the Education Code, and plus twenty-five million dollars ($25,000,000) to finance the Early Childhood Education Program, established by Senate Bill 1302 of the 1972 Regular Session of the Legislature.

(b) For the 1974–1975 fiscal year, he shall transfer as needed five hundred forty-five million dollars ($545,000,000) to finance the changes in school support formulas contained in the act adding this section to the Government Code at the 1972 Regular Session of the Legislature, plus eighty-two million dollars ($82,000,000) to be allocated on the basis of the educational need factor formula described in subdivision (a), and plus forty million dollars ($40,000,000) to finance the Early Childhood Education Program, established by Senate Bill 1302 of the 1972 Regular Session of the Legislature.

(c) For the 1975–1976 fiscal year and each fiscal year thereafter, he shall transfer as needed an amount sufficient to maintain the educational need factor formula program and the Early Childhood Education Program at the level of support provided in the 1974–1975 fiscal year, and such additional amounts as are necessary to finance the changes in school support formulas contained in the act adding this section to the Government Code at the 1972 Regular Session of the Legislature.

(d) The funds appropriated in this section for purposes of funding Senate Bill 1302 of the 1972 Regular Session shall be expended on grades kindergarten through 3 only, unless otherwise authorized by the Legislature.

16131. The funds appropriated by Section 16100 shall be used for any advances authorized by Section 17401.5 of the Education Code.

SEC. 9.4. Section 16153 of the Government Code is amended to read:

16153. Notwithstanding any other provision of this chapter, state disbursements under this chapter by reason of property assessed pursuant to Sections 423 and 423.5 of the Revenue and Taxation Code shall not exceed thirteen million dollars ($13,000,000) in the 1972–1973 fiscal year, twenty-two million dollars ($22,000,000) in the 1973–1974 fiscal year, and twenty-four million dollars ($24,000,000) in the 1974–1975 fiscal year. In the 1975–1976 fiscal year, state disbursements shall not exceed 115 percent of the state disbursements in the 1974–1975 fiscal year. The amounts provided for in this section may be exceeded by any amounts deposited in the State General Fund under Sections 51061 and 51283.

If claims by local governmental agencies exceed the limitation of this section, reductions in state disbursements shall be made on a pro rata per acre basis, first on funds allocated on nonprime lands, and second on funds to local governments on prime lands, and third to school district disbursements.

The Secretary of the Resources Agency shall report to the Legislature on the impact of the expiration of the fiscal limitations in this section. A final report shall be submitted to the Legislature by April 1, 1973, in order that the Legislature can evaluate its fiscal commitment to this program for future years.

CHAPTER 208

*An act to amend Sections 16113, 16115, 16130, 16148, 16150, and 16170 of, and to add Section 16123 to, the Government Code, to amend Sections 3255, 3256, 6499.234, 10801, 10805, 10813, 11872, 13520.3, 17301, 17507.5, 17654.5, 17864, 17702, 17702.5, 17706, 17951, 18102, 18102.2, 18102.4, 18102.6, 20704, 20803, 20804, 20805, 20804, 20805, and 20806 of, to add Sections 5605, 5605.1, 5605.2, 5605.3, 10801.1, 20803.2, 20804.1, 20804.3, 20805.5, 20809.1, and 20809.2 to, to repeal Sections 5605, 5605.1, 5605.5, 5605.6, 18105, 20808, 20910, 20910.5, 20911, and 20912 of, and to add Article 1.4 (commencing with Section 885.7) to Chapter 4 of Division 3 of, Chapter 3 (commencing with Section 20450) to Division 15 of, and Chapter 3.5 (commencing with Section 20910) to Division 16 of, the Education Code, to amend Sections 218.5, 401.4, 2164.3, 17053.5, 19062, 19062.11, 23186, and 23332.5 of, and to add Section 18601.1 to, the Revenue and Taxation Code, to repeal Section 10 of Chapter 1147 of the Statutes of 1972, and to amend Section 36 of Chapter 1406 of the Statutes of 1972, relating to the financing of state and local governments, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.*

[Approved by Governor July 11, 1973. Filed with Secretary of State July 11, 1973.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1267, Gonsalves. Financing government.

Prescribes method of establishing revenue limit for newly organized school districts.

Specifies new method for computing tuition charge for 7th and 8th graders being educated by a high school district.

Specifies separate computation for Santa Cruz County.

Revises provision authorizing adjustments of entitlements under educationally disadvantaged youth program based on program effectiveness.

Deletes provision authorizing adjustments of entitlements under educationally disadvantaged youth program based on program effectiveness.

Requires payments to be made pursuant to interdistrict attendance agreement and revises method of computing such payments.

Clarifies provision re salary adjustment and work scheduling in year-round school program; not operative if AB 99 of the 1973–74 session of the Legislature is chaptered prior to this enactment.

Revises method of computing penalty reduction of average daily attendance for kindergarten classes in excess of specified class size.

Provides for annual increases of elementary and high school foundation programs.

Adjusts elementary and high school foundation program for small

schools.

Increases allowances for defined adults in high school districts from $350 to $386, less specified computational tax rate.

Revises method of computing allowances for special education classes.

Specifies method of computing maximum tax rate for the county superintendents of schools.

Prohibits transfer of special education programs from school district to county superintendent of schools without approval of Superintendent of Public Instruction.

Specifies procedures for electors of school districts to increase or decrease revenue limit per unit of average daily attendance.

Revises formulas for computing revenue limit of school districts other than community college districts.

Prohibits certain inflation indices from being less than 5 percent or more than 6 percent.

Modifies authorization to include increase in maximum tax rate approved by voters in 1972–73 fiscal year in revenue limit computation for 1973–74 fiscal year.

Deletes authorization to include unlevied portion of voter-approved tax override in revenue limit computation.

Reenacts provisions re levy, collecting and apportionment of areawide tax for elementary and high schools.

Excludes certain elementary school districts, meeting prescribed conditions, from provisions re areawide system of school support.

Deletes transfer of $545,000,000 to the State School Fund from the General Fund for the 1974–75 fiscal year to finance changes in school support formulas contained in specified enactment.

Eliminates an appropriation of funds from the General Fund for the purposes of early childhood education.

Includes school districts within provision requiring state subventions to units of local government for programs and services mandated on such units by the state.

Revises the amounts by which the Superintendent of Public Instruction is required to determine that various school district tax rates are exceeded in districts containing open-space lands specially assessed pursuant to provisions of law.

Deletes statement that provision requiring the assessor to value certain land on which owner-occupied single-family dwelling is temporary; and eliminates statement of legislative intent.

Makes technical and remedial changes in provisions of Chapter 1406 of the Statutes of 1972.

To take effect immediately, urgency statute.

Appropriation: yes.

*The people of the State of California do enact as follows:*

SECTION 1. Section 16113 of the Government Code is amended to read:

16113. (a) Each county auditor shall file a claim with the Controller on or before the last day of August of each year for reimbursement to local governmental agencies for the tax loss attributable to property on the unsecured roll by reason of a partial exemption for business inventories provided for in Section 219 of the Revenue and Taxation Code.

(b) Each county auditor shall file a claim with the Controller on or before October 31st of each fiscal year for reimbursement to local governmental agencies for the tax loss attributable to property on the secured roll by reason of the partial exemption for business inventories provided for in Section 219 of the Revenue and Taxation Code.

(c) Each county auditor shall file a claim with the Controller on or before September 30th for tax losses attributable to Sections 219 and 5523 of the Revenue and Taxation Code.

SEC. 1.5. Section 16115 of the Government Code is amended to read:

16115. (a) Out of the amount appropriated by Section 16100, the Controller shall pay on or before September 15th of each year to each county auditor the amount claimed under subdivision (a) of Section 16113 and he shall pay on or before October 15th the amounts claimed by September 30th under subdivision (c) of Section 16113.

(b) Out of the amount appropriated by Section 16100, the Controller shall pay on or before December 30th of each year to the county auditor one-half of the amount claimed under subdivision (b) of Section 16113 and shall pay the other one-half so claimed on or before April 30th.

SEC. 1.7. Section 16123 is added to the Government Code, to read:

16123. From the amount appropriated from the State General Fund by Section 16100, the Controller each year shall pay to each county, upon receipt of a verified claim from the county auditor, ten cents ($0.10) for each homeowners' property tax exemption, which amount includes full reimbursement for furnishing the additional information required pursuant to Section 218.5 of the Revenue and Taxation Code.

The county auditor shall file a claim for this purpose with the State Controller on or before October 31st of each year.

SEC. 2. Section 16130 of the Government Code is amended to read:

16130. Out of funds appropriated by Section 16100, the Controller shall transfer the following amounts to the State School Fund:

(a) For the 1973–1974 fiscal year, he shall transfer as needed four hundred fifty-four million dollars ($454,000,000) to finance the changes in school support formulas contained in Chapter 1406 of the Statutes of 1972, plus eighty-two million dollars ($82,000,000) to be allocated on the basis of the educational need factor formula

pursuant to Chapter 6.10 (commencing with Section 6499.230) of Division 6 of the Education Code, and plus twenty-five million dollars ($25,000,000) to finance the Early Childhood Education Program, established by Chapter 1147 of the Statutes of 1972.

(b) For the 1974–1975 fiscal year, he shall transfer eighty-two million dollars ($82,000,000) to be allocated on the basis of the educational need factor formula described in subdivision (a), and forty million dollars ($40,000,000) to finance the Early Childhood Education Program, established by Chapter 1147 of the Statutes of 1972.

(c) For the 1975–1976 fiscal year and each fiscal year thereafter, he shall transfer an amount sufficient to maintain the educational need factor formula program and the Early Childhood Education Program at the level of support provided in the 1974–1975 fiscal year.

(d) The funds appropriated in this section for purposes of funding Chapter 1147 of the Statutes of 1972 shall be expended on grades kindergarten through 3 only, unless otherwise authorized by the Legislature.

SEC. 3. Section 16148 of the Government Code is amended to read:

16148. The Superintendent of Public Instruction shall determine the amount by which the school district tax rate for general fund purposes for each school district in which land assessed pursuant to Section 423 or 423.5 of the Revenue and Taxation Code is situated exceeds:

(a) Two dollars and twenty-three cents ($2.23) for each elementary district.

(b) One dollar and sixty-four cents ($1.64) for each high school district.

(c) Three dollars and eighty-seven cents ($3.87) for each unified district maintaining grades kindergarten through 12.

(d) Twenty-five cents ($0.25) for each community college district. The Superintendent of Public Instruction shall then determine the product of such amount multiplied by the open-space adjustment determined pursuant to Section 16149.

SEC. 3.3. Section 16150 of the Government Code is amended to read:

16150. Notwithstanding any other provision of this chapter, no school district shall receive more than the following amount for each acre of land within the district assessed pursuant to Sections 423 and 423.5 of the Revenue and Taxation Code:

(a) For basic aid districts: one dollar ($1) for community college districts; three dollars ($3) for high school districts; and three dollars and fifty cents ($3.50) for elementary school districts.

(b) For equalization aid districts: one and one-half times the amount specified for basic aid districts.

(c) Unified districts shall receive no more than the combined amounts indicated in subdivisions (a) and (b) for their elementary and high school components.



In addition, a basic aid school district shall not receive any assistance under the provisions of this article if its actual assessed value per pupil is greater than the product of the base year (as defined in subdivision (a) of Section 16149) assessed value per pupil times the percentage which the estimated or actual current expense of education per pupil in the state for the current year is of the current expense of education per pupil in the state for the base year.

For the 1973–74 fiscal year only, school districts shall receive the amount of the entitlement computed for 1973–74 pursuant to this article or the amount allowed to such districts per unit of average daily attendance in the second principal period for 1972–73 multiplied times the average daily attendance in the second principal period for 1973–74, whichever is the greater.

The Legislature shall review the Open Space Land Conservation Act reimbursement to school districts prior to July 1, 1974, for the purpose of determining how it should relate to the school apportionment formulas and revenue limits in Sections 17651 to 17771, inclusive, and Sections 20903 to 20905, inclusive, of the Education Code.

SEC. 4. Section 16170 of the Government Code is amended to read:

16170. Out of the amount appropriated to the Controller by Section 16100, he shall pay the following amounts for the 1972-73 fiscal year:

(a) Thirty thousand dollars ($30,000) to the Secretary of the Resources Agency for administration of open-space subvention under this part.

(b) Twenty-five thousand dollars ($25,000) to the Department of Finance for making the estimates required under this part.

(c) Fifty thousand dollars ($50,000) to the Board of Equalization for administration of the sales and use tax provisions in this act.

SEC. 4.5. Article 1.4 (commencing with Section 885.7) is added to Chapter 4 of Division 3 of the Education Code, to read:

Article 1.4. Transfer of Educational Program to the County Superintendent of Schools

885.7. No educational programs for physically handicapped, educable mentally retarded, trainable mentally retarded, regional occupational centers, or regional occupational programs already in operation in school districts shall be transferred to the county superintendent of schools without the approval of the Superintendent of Public Instruction.

The Superintendent of Public Instruction shall approve such transfers only if he determines that it is in the best interest of the education and welfare of the pupils attending the program to be transferred.

SEC. 5. Section 5603 of the Education Code is repealed.

SEC. 5.3. Section 3255 of the Education Code is amended to read:

3255. In any proposal for reorganization of school districts, except a community college district, recommended by a county committee, the committee shall include a provision for the authorization of a revenue limit per unit of average daily attendance for the proposed new district, and such provision shall be an inherent part of the proposal, and shall not be construed as a separate proposition. If the reorganization is approved by the registered voters of the area, such revenue limit per unit of average daily attendance shall be the maximum revenue limit per unit of average daily attendance for the type of new district formed until changed by Section 20905 or by the registered voters of the district in the manner prescribed in Section 20903.2. Such revenue limit per unit of average daily attendance shall not be less than the revenue limit which would be produced if (1) the sum of the revenue limits each of the districts proposed to be wholly or partially included therein during the year prior to the fiscal year in which the reorganization becomes effective for all purposes is divided by the total number of pupils projected for the new district nor more than such revenue limit plus, (2) the revenue limit per unit of average daily attendance required to equal the amount of the difference between the average certificated and the average classified salary of all the component districts during the school year prior to that in which the district becomes effective for all purposes and the average certificated and average classified salary of high school district or districts included in the proposal multiplied by the number of employees in each category at the elementary level. In the event the salary schedule of an included elementary district or unified district is higher than that of a high school district, the county committee may for the purpose of determining a revenue limit under this section substitute that elementary or unified district salary schedule for the high school district schedule.

SEC. 5.5. Section 3256 of the Education Code is amended to read:

3256. The county committee may propose a revenue limit per unit of average daily attendance in excess of that provided in Section 3255 as a separate proposition. The ballot proposition shall contain substantially the words "Shall the revenue limit per unit of average daily attendance of the proposed new district be _____, such limit to be in effect for the school years _____ through _____, the funds from such revenue limit are to be used for _____ (insert proposed uses of the funds)?" or the words "Shall the revenue limit per unit of average daily attendance of the proposed new district be _____, such limit to be in effect for the school years commencing 19__, the funds so raised are to be used for _____ (insert proposed uses of the funds)?" Opposite such words in separate lines, the words "Yes" and "No" shall be printed with a voting square after each word. In the event the committee proposes a revenue limit per unit of average daily attendance under the provisions of both this section and Section 3255, the revenue limit per unit of average daily attendance proposed under this section shall be the revenue limit per unit of average daily attendance for the district if a majority of the votes cast are in favor of the proposition.



SEC. 6. Section 5605 is added to the Education Code, to read:

5605. (a) The governing board of any elementary school district situated within a high school district maintaining a junior high school shall permit pupils who have completed the sixth year of the elementary school to attend the junior high school and shall pay to the high school district for the education of the pupils a tuition charge determined pursuant to this section.

(b) The amount of the tuition charge for the 1973–74 fiscal year shall be computed by the county superintendent of schools as follows:

(1) Divide the tuition paid to the high school district in the 1972–73 fiscal year, exclusive of funds received pursuant to Public Law 81-874, by the estimated average daily attendance of seventh- and eighth-grade pupils in the second principal apportionment of that year attending junior high schools in the high school district.

(2) Divide the taxes raised from the assessed valuation of the elementary district pursuant to Section 20808.5, in the 1972–73 fiscal year, by the estimated average daily attendance of seventh- and eighth-grade pupils in the second principal apportionment of that year attending junior high schools in the high school district.

(3) Add the amounts computed per unit of average daily attendance in paragraphs (1) and (2) and the estimated state apportionment per average daily attendance for seventh- and eighth-grade pupils in the 1972–73 fiscal year.

(4) The increased revenue per unit of average daily attendance as computed in subdivision (f) of Section 20904 added to the amount established in paragraph (3) shall be the tuition limit per unit of seventh- and eighth-grade average daily attendance for the 1973–1974 fiscal year attending junior high schools in the high school district.

(c) An elementary district whose seventh- and eighth-grade pupils are entering junior high and for which no tuition limit can be determined pursuant to subdivision (b) shall pay a tuition agreed upon between the high school district and the elementary district, which shall be no less than the revenue limit per unit of average daily attendance of the elementary district for that year.

(d) For the 1974–75 fiscal year and fiscal years thereafter, the tuition limit per unit of average daily attendance as computed pursuant to subdivision (b) or (c) shall be adjusted by the increase in the revenue limit per unit of average daily attendance computed pursuant to subdivision (g) of Section 20905 for the current year.

(e) The tuition limit per unit of seventh- and eighth-grade average daily attendance determined pursuant to this section less the state apportionment transferred pursuant to Section 17411 shall be the maximum amount that the elementary district shall pay to the

SEC. 5. Section 5605 of the Education Code is repealed.

SEC. 5.3. Section 3255 of the Education Code is amended to read:

3255. In any proposal for reorganization of school districts, except a community college district, recommended by a county committee, the committee shall include a provision for the authorization of a revenue limit per unit of average daily attendance for the proposed new district, and such provision shall be an inherent part of the proposal, and shall not be construed as a separate proposition. If the reorganization is approved by the registered voters of the area, such revenue limit per unit of average daily attendance shall be the maximum revenue limit per unit of average daily attendance for the type of new district formed until changed by Section 20905 or by the registered voters of the district in the manner prescribed in Section 20803.2. Such revenue limit per unit of average daily attendance shall not be less than the revenue limit which would be produced if (1) the sum of the revenue limits each of the districts proposed to be wholly or partially included therein during the year prior to the fiscal year in which the reorganization becomes effective for all purposes is divided by the total number of pupils projected for the new district nor more than such revenue limit plus, (2) the revenue limit per unit of average daily attendance required to equal the amount of the difference between the average certificated and the average classified salary of all the component districts during the school year prior to that in which the district becomes effective for all purposes and the average certificated and average classified salary of high school district or districts included in the proposal multiplied by the number of employees in each category at the elementary level. In the event the salary schedule of an included elementary district or unified district is higher than that of a high school district, the county committee may for the purpose of determining a revenue limit under this section substitute that elementary or unified district salary schedule for the high school district schedule.

SEC. 5.5. Section 3256 of the Education Code is amended to read:

3256. The county committee may propose a revenue limit per unit of average daily attendance in excess of that provided in Section 3255 as a separate proposition. The ballot proposition shall contain substantially the words "Shall the revenue limit per unit of average daily attendance of the proposed new district be _____, such limit to be in effect for the school years _____ through _____, the funds from such revenue limit are to be used for _____ (insert proposed uses of the funds)?" or the words "Shall the revenue limit per unit of average daily attendance of the proposed new district be _____, such limit to be in effect for the school years commencing 19__, the funds so raised are to be used for _____ (insert proposed uses of the funds)?" Opposite such words in separate lines, the words "Yes" and "No" shall be printed with a voting square after each word. In the event the committee proposes a revenue limit per unit of average daily attendance under the provisions of both this section and Section 3255, the revenue limit per unit of average daily attendance proposed under this section shall be the revenue limit per unit of average daily attendance for the district if a majority of the votes cast are in favor of the proposition.



SEC. 6. Section 5605 is added to the Education Code, to read:

5605. (a) The governing board of any elementary school district situated within a high school district maintaining a junior high school shall permit pupils who have completed the sixth year of the elementary school to attend the junior high school and shall pay to the high school district for the education of the pupils a tuition charge determined pursuant to this section.

(b) The amount of the tuition charge for the 1973–74 fiscal year shall be computed by the county superintendent of schools as follows:

(1) Divide the tuition paid to the high school district in the 1972–73 fiscal year, exclusive of funds received pursuant to Public Law 81-874, by the estimated average daily attendance of seventh- and eighth-grade pupils in the second principal apportionment of that year attending junior high schools in the high school district.

(2) Divide the taxes raised from the assessed valuation of the elementary district pursuant to Section 20808.5, in the 1972–73 fiscal year, by the estimated average daily attendance of seventh- and eighth-grade pupils in the second principal apportionment of that year attending junior high schools in the high school district.

(3) Add the amounts computed per unit of average daily attendance in paragraphs (1) and (2) and the estimated state apportionment per average daily attendance for seventh- and eighth-grade pupils in the 1972–73 fiscal year.

(4) The increased revenue per unit of average daily attendance as computed in subdivision (f) of Section 20904 added to the amount established in paragraph (3) shall be the tuition limit per unit of seventh- and eighth-grade average daily attendance for the 1973–1974 fiscal year attending junior high schools in the high school district.

(c) An elementary district whose seventh- and eighth-grade pupils are entering junior high and for which no tuition limit can be determined pursuant to subdivision (b) shall pay a tuition agreed upon between the high school district and the elementary district, which shall be no less than the revenue limit per unit of average daily attendance of the elementary district for that year.

(d) For the 1974–75 fiscal year and fiscal years thereafter, the tuition limit per unit of average daily attendance as computed pursuant to subdivision (b) or (c) shall be adjusted by the increase in the revenue limit per unit of average daily attendance computed pursuant to subdivision (g) of Section 20905 for the current year.

(e) The tuition limit per unit of seventh- and eighth-grade average daily attendance determined pursuant to this section less the state apportionment transferred pursuant to Section 17411 shall be the maximum amount that the elementary district shall pay to the

high school district.

SEC. 7. Section 5605.1 of the Education Code is repealed.

SEC. 8. Section 5605.1 is added to the Education Code, to read:

5605.1. In addition to the tuition limit computed in subdivision (c) of Section 5605, those elementary school districts participating in a junior high school which receive funds pursuant to Public Law 81-874 shall pay an amount equal to 90 percent of the entitlement paid from funds received pursuant to Public Law 81-874 for the pupils in grades 7 and 8 attending junior high schools in the high school district to the high school district as a part of the tuition charge pursuant to Section 5605.

SEC. 9. Section 5605.2 is added to the Education Code, to read:

5605.2. On or before January 1 of each fiscal year, the governing board of the elementary school district shall draw its warrant in favor of the high school district against the general fund of the elementary school district in the amount of 50 percent of the estimated tuition charge due to the high school district for the attendance of pupils at the junior high school during the current fiscal year, exclusive of state apportionments transferred pursuant to Section 17411. The amount of the warrant shall be credited to the general fund of the high school district.

On or before May 1 of each fiscal year, the governing board of the elementary school district shall draw its warrant in favor of the high school district against the general fund of the elementary district in the amount of 30 percent of the estimated tuition charge due to the high school district for the attendance of pupils at the junior high school during the current fiscal year, exclusive of state apportionments transferred pursuant to Section 17411. The amount of the warrant shall be credited to the general fund of the high school district.

On or before July 15 following the close of the fiscal year, the governing board of the elementary school district shall draw its warrant in favor of the high school district against the general fund of the elementary school district in the amount of the difference between the final tuition as computed by this section and the sum of the first and second installment paid to the high school district. The amount of the warrant shall be credited to the general fund of the high school district. The revenues, although received after the close of the fiscal year, shall be considered revenues of the preceding fiscal year.

SEC. 10. Section 5605.3 is added to the Education Code, to read:

5605.3. Notwithstanding Section 5605, the governing board of an elementary school district situated within a high school district maintaining a junior high school is not required to permit its pupils who have completed the sixth year of the elementary school to attend the junior high school maintained by the high school district if the elementary school district has, pursuant to the provisions of this article, withdrawn from the junior high school system maintained by the high school district.

SEC. 11. Section 5605.5 of the Education Code is repealed.

SEC. 12. Section 5605.6 of the Education Code is repealed.

SEC. 13. Section 6499.234 of the Education Code is amended to read:

6499.234. In approving programs under this chapter, the State Board of Education shall give due consideration to the effectiveness of the program and shall not continue in operation any program that, upon evaluation, has been shown to be of low effectiveness and which has only limited possibility of improved effectiveness.

For the fiscal year 1974–75 and for each year thereafter, districts which demonstrate a high degree of program effectiveness shall continue to receive their computed entitlements. Districts which demonstrate low levels of program effectiveness may continue to receive their computed entitlements, but the Superintendent of Public Instruction shall reduce the entitlements due such districts if he determines that such programs have limited possibilities of improved achievements.

SEC. 13.2. Section 10801 of the Education Code is amended to read:

10801. The governing board of any school district may admit to the schools or classes maintained in the district any pupil who lives in another school district which maintains schools or classes of the grade levels which the pupil desires to attend. An agreement providing for such attendance shall be entered into between the governing board and the governing board of the district in which the pupil lives. The agreement shall stipulate the terms upon which the interdistrict attendance shall be permitted. The terms of the agreement shall require the payment to be determined in the manner provided by Section 10805.

SEC. 13.4. Section 10801.1 is added to the Education Code, to read:

10801.1. Effective July 1, 1973, the average daily attendance resulting from an interdistrict attendance agreement shall be credited to the district in which the pupil lives. In computing pursuant to Article 6 (commencing with Section 20902) of Chapter 3 of Division 16 the 1972–73 base revenue, all amounts received in fiscal year 1972–73 by the school district of attendance pursuant to an interdistrict attendance agreement executed pursuant to Section 10801 may be included.

SEC. 13.6. Section 10805 of the Education Code is amended to read:

10805. If the county board of education determines that the pupil should be permitted to attend in the district in which he desires to attend, the governing board of the district in which the pupil lives shall pay to the district of attendance, on or before the close of each school year in which the pupil attends in the district of attendance an amount, if any, which shall not exceed the revenue limit per unit

of average daily attendance of the district of attendance.

SEC. 13.8. Section 10813 of the Education Code is amended to read:

10813. Except as may otherwise be specially provided, the average daily attendance of all pupils, excepting pupils attending the seventh and eighth grades of a junior high school, who live in one school district and attend school in another school district shall be credited to the district in which the pupil lives for apportionment purposes.

The district of attendance shall record and report separately the attendance of pupils who live in another school district.

SEC. 13.9. Section 11872 of the Education Code is amended to read:

11872. For the purpose of providing funds with which to obtain school meals for needy pupils, the governing board of any school district may levy and collect a district tax over and above the maximum elsewhere specified in this code but not to exceed five cents ($0.05). Not more than 6 percent of such funds may be used for the administrative and clerical costs of conducting such a program.

SEC. 14. Section 13520.3 of the Education Code is amended to read:

13520.3. When a school district operates on a year-round schedule pursuant to Chapter 7 (commencing with Section 32100) of Division 22, the salaries of employees who are employed for the extended school year may be adjusted in accordance with the ratio of the extension of the number of days per year in which school is in session bears to the number of days in which school was in session per year prior to the commencement of year-round operation. No classroom teacher employed by a school district which converts to a year-round program may be required to work more than the number of days in which school had been in session in a regular school year without his consent.

Nothing in this section shall be construed to restrict local governing boards in exercising their powers to govern schools including the assignment of teachers under the provisions of Sections 1051 and 1052.

SEC. 15. Section 17301 of the Education Code is amended to read:

17301. (a) The State Controller shall during each fiscal year transfer from the General Fund of the state to the State School Fund such sums, in addition to the sums accruing to the State School Fund from other sources, as shall provide in the State School Fund for apportionment during the fiscal year a total amount per pupil in average daily attendance during the preceding fiscal year credited to all kindergarten, elementary, high school, community college and adult schools in the state and to the county school tuition funds, as certified by the Superintendent of Public Instruction, one hundred eighty dollars ($180).



(b) The Controller shall also transfer, as needed during each fiscal year, such additional amounts from the General Fund to the State School Fund as are certified from time to time by the Superintendent of Public Instruction to be necessary to meet actual computed apportionments from the State School Fund for the purposes set forth in Section 17303.5, provided that the total of such additional amounts transferred in a fiscal year shall not exceed, except pursuant to subdivision (c) of this section, two hundred five dollars and seventy-two cents ($205.72) for the fiscal year 1973–1974 and fiscal years thereafter, per pupil in average daily attendance during the preceding fiscal year credited to all kindergarten, elementary, high school, community college and adult schools in the state and to the county school tuition funds, as certified by the Superintendent of Public Instruction, less the amount, if any, by which seventy cents ($0.70) multiplied by the number of units of average daily attendance credited during the preceding fiscal year to all kindergarten, elementary, high school, community college and adult schools in the state and to the county school tuition funds exceeds twenty-one dollars and fifty cents ($21.50) multiplied by the total average daily attendance credited during the preceding school year to elementary school districts which during the preceding school year had less than 901 units of average daily attendance, to high school districts which during the preceding school year had less than 301 units of average daily attendance, and to unified districts which during the preceding school year had less than 1,501 units of average daily attendance.

(c) In addition to the amounts authorized to be transferred to the State School Fund from the General Fund under subdivisions (a) and (b) of this section, the Controller shall transfer from the General Fund to the State School Fund during the fiscal year, upon certification of the Superintendent of Public Instruction, if necessary to meet actual computed apportionments for the fiscal year for the purposes set forth in Sections 17303 and 17303.5, an amount not to exceed the lesser of: (1) 1 percent of the total apportionment from the State School Fund in the preceding fiscal year for the purposes set forth in Sections 17303 and 17303.5, or (2) the net amount, if any, by which the total amounts authorized to be transferred from the General Fund to the State School Fund under subdivisions (a) and (b) of this section in prior fiscal years have exceeded the total amounts actually apportioned in prior fiscal years for the purposes set forth in Sections 17303 and 17303.5.

(d) He shall also transfer to the State School Fund any additional amounts appropriated thereto by the Legislature in augmentation of any of the amounts prescribed for any of the purposes set forth in Sections 17303 and 17303.5 and such additional amounts shall be allowed and apportioned by the Superintendent of Public Instruction and warrants therefor drawn by the Controller in the manner provided in Articles 1 and 2 (Sections 17301 to 17354,

inclusive) of this chapter and in Sections 11256 and 17251, and Sections 17401 to 17417, inclusive, and Sections 17601 to 18460, inclusive.

(e) Commencing with the 1974–75 fiscal year, the unit amounts under subdivisions (a) and (b) of this section shall be considered to be increased or decreased, as the case may be, by an amount equal to the percentage increase or decrease of the statewide ratio of assessed valuation per unit of kindergarten through grade 12 statewide average daily attendance, excluding defined adults, using in such ratios the data for the preceding year compared with the second preceding year.

The Superintendent of Public Instruction shall adjust the foundation program levels as follows:

For the 1974–75 fiscal year, each elementary and high school foundation program shall be increased by sixty dollars ($60) except that if the percentage increase of the statewide ratio of assessed valuation per unit average daily attendance in kindergarten and grades 1 to 12, inclusive, determined in subdivision (e) is less than seven, the sixty dollars ($60) shall be reduced proportionately, but to no less than fifty dollars ($50). The foundation program for defined adults in high school districts shall be increased by twenty-seven dollars ($27).

For the 1975–76 fiscal year, each elementary and high school foundation program shall be increased by sixty-three dollars ($63) except that if the percentage increase of the statewide ratio of assessed valuation per units of average daily attendance in kindergarten and grades 1 to 12, inclusive, determined in subdivision (e) is less than seven, the sixty-three dollars ($63) shall be reduced proportionately, but to no less than fifty-three dollars ($53). The foundation program for defined adults in high school districts shall be increased by twenty-nine dollars ($29).

For the 1976–77 fiscal year, each elementary and high school foundation program shall be increased by sixty-six dollars ($66) except that if the percentage increase of the statewide ratio of assessed valuation per units of average daily attendance in kindergarten and grades 1 to 12, inclusive, determined in subdivision (e) is less than seven, the sixty-six dollars ($66) shall be reduced proportionately, but to no less than fifty-six dollars ($56). The foundation program for defined adults in high school districts shall be increased by thirty-one dollars ($31).

The Superintendent of Public Instruction shall prepare a report for the Legislature, to be submitted by December 1, 1976, which shall show the most current trends in costs for school districts, equalization of school district expenditures per average daily attendance, equalizations of property taxation for schools, adequacy levels in expenditures per average daily attendance, school enrollment, assessed valuations, assessed valuation per average daily attendance, and general cost changes in the state for the purpose of giving the Legislature information that the Legislature may use to enact new provisions about increases or decreases in the foundation programs for public schools support. For the 1977–78 fiscal year and fiscal years thereafter, and if the Legislature does not provide otherwise, the increase in elementary and high school foundation programs shall be 6 percent times an amount which is determined as follows: (1) multiply the unit elementary school foundation program for unified districts which have an elementary average daily attendance of 901 or more by the elementary foundation program units of average daily attendance of unified districts with 901 or more elementary average daily attendance, plus (2) multiply the unit high school foundation program for unified districts which have a high school average daily attendance of 301 or more, by the average daily attendance of unified districts with 301 or more high school average daily attendance, and (3) divide the result by the sum of the average daily attendance in unified districts with 901 or more elementary average daily attendance plus the average daily attendance in unified districts with 301 or more high school average daily attendance.

The increase in the foundation program for defined adults in high schools shall be 6 percent times the foundation program for defined adults of the prior year.

(f) The amounts transferred pursuant to this section shall include the amounts required to be transferred by Section 16130 of the Government Code, exclusive of the amounts required to be transferred pursuant to Section 16130 of the Government Code for the educational need factor formula and the Early Childhood Educational Program.

SEC. 17. Section 17507.5 of the Education Code is amended to read:

17507.5. The Superintendent of Public Instruction, in computing apportionments and allowances from the State School Fund for the second principal apportionment, shall determine the following for the kindergarten classes maintained by each school district maintaining kindergarten classes.

(a) The number of pupils enrolled in each kindergarten class, the total enrollment in all such classes, and the average number of pupils enrolled per class.

(b) The total number of pupils which are in excess of thirty-three (33) in each class having an enrollment of more than thirty-three (33).

(c) The total number of pupils by which the average class size in the district exceeds 31.

(d) The greater number of pupils as determined in (b) or (c) above.

(e) He shall compute the product obtained by multiplying the excess number of pupils computed pursuant to subdivision (d) of this section by ninety-seven hundredths (0.97). He shall decrease the

average daily attendance reported under the provisions of Section 17601.1 by the resulting product.

SEC. 18. Section 17654.5 of the Education Code is amended to read:

17654.5. For each elementary school district which maintains only one school with an average daily attendance of less than 101, he shall make one of the following computations, whichever provides the lesser amount:

(1) For each small school which has an average daily attendance during the fiscal year of less than 26, exclusive of pupils attending the seventh and eighth grades of a junior high school, and for which school at least one teacher was hired full time, he shall compute for the district eighteen thousand eight hundred seventy-five dollars ($18,875).

(2) For each small school which has an average daily attendance during the fiscal year of 26 or more and less than 51, exclusive of pupils attending the seventh and eighth grades of a junior high school, and for which school at least two teachers were hired full time for more than one-half of the days schools were maintained, he shall compute for the district thirty-seven thousand seven hundred fifty dollars ($37,750).

(3) For each small school which has an average daily attendance during the fiscal year of 51 or more but less than 76, exclusive of pupils attending the seventh and eighth grades of a junior high school, and for which school three teachers were hired full time for more than one-half of the days schools were maintained, he shall compute for the district fifty-six thousand six hundred twenty-five dollars ($56,625).

(4) For each small school which has an average daily attendance during the fiscal year of 76 or more and less than 101, exclusive of pupils attending the seventh and eighth grades of a junior high school, and for which school four teachers were hired full time for more than one-half of the days schools were maintained, he shall compute for the district seventy-five thousand five hundred dollars ($75,500).

SEC. 22. Section 17664 of the Education Code is amended to read:

17664. (a) For each district on account of each necessary small high school the Superintendent of Public Instruction shall make one of the following computations selected with regard only to the number of certificated employees employed or average daily attendance, whichever provides the lesser amount:

| Average daily attendance | Minimum number of certificated employees | Amount to be computed |
|---|---|---|
| 1– 20 | less than 3 | $16,520 per teacher |
| 1– 20 | 3 | 83,760 |
| 21– 40 | 4 | 100,280 |
| 41– 60 | 5 | 116,800 |
| 61– 75 | 6 | 133,320 |
| 76– 90 | 7 | 149,840 |
| 91–105 | 8 | 166,360 |
| 106–120 | 9 | 182,880 |
| 121–135 | 10 | 199,400 |
| 136–150 | 11 | 215,920 |
| 151–180 | 12 | 232,440 |
| 181–220 | 13 | 248,960 |
| 221–260 | 14 | 265,480 |
| 261–300 | 15 | 282,000 |



(b) For each district on account of each small high school not determined to be a necessary small high school under Sections 17663, 17663.5, and 17663.7, he shall make one of the following computations, whichever applies:

(1) If the total of the units of average daily attendance in the district during the fiscal year is less than 301, he shall multiply the units of average daily attendance during the fiscal year in the school by nine hundred forty dollars ($940).

(2) If the total of the units of average daily attendance in the district during the fiscal year is more than 300, he shall multiply the units of average daily attendance during the fiscal year in the school by nine hundred fifty dollars ($950).

For the purposes of this section a "certificated employee" is an equivalent full-time position of an individual holding a credential authorizing service, and performing service in grades 9 through 12 in any secondary school. Any fraction of an equivalent full-time position shall be deemed to be a full-time position.

The foundation program established by this section for high schools with an average daily attendance of less than 301 shall not apply to any high school established after July 1, 1961 unless the establishment of such schools has been approved by the Superintendent of Public Instruction.

SEC. 25. Section 17702 of the Education Code is amended to read:

17702. The Superintendent of Public Instruction shall compute for each district described herein which does not come within the provisions of Section 17702.2 the amount, to be known as district aid, which a tax levied on each one hundred dollars ($100) of 100 percent of the assessed valuation in such district as shown by the equalized assessment roll of the district for the current year, modified pursuant to Section 17262, would produce if levied, if such tax was:

(a) Two dollars and twenty-three cents ($2.23) in an elementary school district.

(b) One dollar and sixty-four cents ($1.64) in a high school district.

(c) Twenty-five cents ($0.25) in a community college district.

SEC. 25.3. Section 17702.5 is added to the Education Code, to read:

17702.5. Any elementary school district shall be excluded from the application of the provisions of Sections 17680, 17702.2 and Chapter 3.5 (commencing with Section 20910) of Division 16, and shall be deemed to be a single elementary district for purposes of school apportionments and school district property taxation, when all of the following qualifications are met.

(1) It is an elementary district which had an average daily attendance in 1972–73 between 250 and 400, inclusive.

(2) It is an elementary district which has been included in at least two proposals for the formation of a unified district, none of which have been adopted by the electorate of the area.

(3) It is an elementary district which, if treated as a single district for school apportionment purposes, would have been apportioned only basic state aid.

(4) It is an elementary district which, when included in an areawide tax support program for elementary schools, would have been allocated in areawide aid at least forty-five thousand dollars ($45,000) less than the amount produced by the areawide tax in that district.

SEC. 26. Section 17706 of the Education Code is amended to read:

17706. The Superintendent of Public Instruction shall determine the individual areawide aid for each elementary district included within territory for which an areawide foundation program was computed pursuant to Article 2.5 (commencing with Section 17680) of this chapter, by: (1) dividing the total areawide aid derived by the elementary school districts in the territory under Section 17702.2, by (2) the areawide foundation program derived for the territory under Section 17680, and (3) multiplying the quotient by the foundation program computed for each district under Article 2 (commencing with Section 17651) and Article 2.1 (commencing with Section 17671) of this chapter.

He shall determine the individual areawide aid for each high school district included within territory for which an areawide foundation program was computed pursuant to Article 2.5 (commencing with Section 17680) of this chapter, by: (1) dividing the total areawide aid derived for the high school districts in the territory under Section 17702.2, by (2) the areawide foundation program derived for the territory under Section 17680, and (3) multiplying the quotient by the foundation program computed for each district under Article 2 (commencing with Section 17651) and Article 2.1 (commencing with Section 17671) of this chapter.

The district aid for an elementary school district within an area shall be the sum of the prorated areawide aid received by the district and the yield of one dollar and twenty-three cents ($1.23) levied on each one hundred dollars ($100) of 100 percent of the assessed valuation in such district modified pursuant to Section 17262. The district aid for a high school district within an area shall be the sum of the prorated areawide aid received by the district and the yield



of eighty-four cents ($0.84) levied on each one hundred dollars ($100) of assessed valuation in such district modified pursuant to Section 17262.

SEC. 27. Section 17951 of the Education Code is amended to read:

17951. The allowance for each unit of average daily attendance during the fiscal year for adults, as adults are defined in Section 5756, shall be as follows:

(a) For high school districts the allowance shall be three hundred eighty-six dollars ($386) less the product of fifty cents ($0.50) multiplied by each one hundred dollars ($100) of the assessed valuation of the district per unit of average daily attendance exclusive of adults.

(b) For each unit of average daily attendance attached to a community college the allowance shall be five hundred fifty-six dollars ($556) less the product of twenty-four cents ($0.24) multiplied by each one hundred dollars ($100) of the assessed valuation of the district per unit of average daily attendance exclusive of adults.

The allowance provided by this section for each unit of average daily attendance of an adult, as an adult is defined in Section 5756, not residing in the district and not residing in any district maintaining a community college shall be limited to one hundred twenty-five dollars ($125) as basic state aid and no allowance shall be made based on state equalization aid. The total of basic and equalization aid allowed each district shall not be less than one hundred twenty-five dollars ($125) for each unit of average daily attendance during the fiscal year for resident adults, exclusive of average daily attendance in classes for inmates of any state institution for adults and for inmates of any city, county, or city and county jail, road camp or farm for adults; unless the inmate is attending a community college class or program pursuant to Section 2690 of the Penal Code, in which case such attendance shall be included.

SEC. 28. Section 18102 of the Education Code is amended to read:

18102. The Superintendent of Public Instruction shall allow to each school district or county superintendent of schools for the education of physically handicapped pupils in special classes during the current fiscal year an amount computed as follows:

(a) He shall divide the average daily attendance in each particular class size category by the maximum class size established for each particular class size category, and increase the quotient to the next highest integer where a fractional amount is produced.

(b) He shall then determine for each particular class size category the product of the amount computed under subdivision (a) multiplied by the maximum class size established by law for special day classes for the particular category.

(c) He shall then multiply the amount computed under subdivision (b) by the following amount of the particular level and category:

| Category | Elementary grades (K–8) | High school grades (9–12) | Community college grades (13–14) |
|---|---|---|---|
| Physically handicapped | | | |
| Class-size maximum of 3 | $5,400 | – | – |
| Class-size maximum of 5 | 3,100 | $2,965 | $2,810 |
| Class-size maximum of 6 | 2,520 | – | – |
| Class-size maximum of 8 | 1,800 | 1,670 | 1,510 |
| Class size maximum of 10 | 1,370 | 1,240 | 1,080 |
| Class-size maximum of 12 | 1,085 | 950 | 800 |
| Class-size maximum of 16 | 725 | 590 | 435 |
| Class-size maximum of 20 | – | 375 | 220 |

SEC. 29. Section 18102.2 of the Education Code is amended to read:

18102.2. The Superintendent of Public Instruction shall allow to each school district or county superintendent of schools for the education of mentally retarded pupils in special classes during the current fiscal year an amount computed as follows:

(a) He shall divide the average daily attendance in each particular class size category by the maximum class size established for each particular class size category, and increase the quotient to the next highest integer where a fractional amount is produced.

(b) He shall then determine for each particular class size category the product of the amount computed under subdivision (a) multiplied by the maximum class size established by law for special day classes for the particular category.

(c) He shall then multiply the amount computed under subdivision (b) by the following amount of the particular level and category:

| Category | Elementary grades (K–8) | High school grades (9–12) | Community college grades (13–14) |
|---|---|---|---|
| Mentally retarded (as defined in Section 6902) | | | |
| Class-size maximum of 15 | $570 | $440 | $280 |
| Class-size maximum of 18 | 420 | 285 | 130 |

SEC. 30. Section 18102.4 of the Education Code is amended to read:

18102.4. The Superintendent of Public Instruction shall allow to each school district or county superintendent of schools for the education of severely mentally retarded pupils in special classes during the current fiscal year an amount computed as follows:

(a) He shall divide the average daily attendance in each particular





class size category by the maximum class size established for each particular class size category, and increase the quotient to the next highest integer where a fractional amount is produced.

(b) He shall then determine for each particular class size category the product of the amount computed under subdivision (a) multiplied by the maximum class size established by law for special day classes for the particular category.

(c) He shall then multiply the amount computed under subdivision (b) by the following amount of the particular level and category:

| Category | Elementary grades (K–8) | High school grades (9–12) | Community college grades (13–14) |
|---|---|---|---|
| Mentally retarded (as defined in Section 6903) | | | |
| Class-size maximum of 12 | $920 | $785 | $630 |

SEC. 31. Section 18102.6 of the Education Code is amended to read:

18102.6. The Superintendent of Public Instruction shall allow to each school district or county superintendent of schools for the education of educationally handicapped pupils in special classes during the current fiscal year an amount computed as follows:

(a) He shall divide the average daily attendance in each particular class size category by the maximum class size established for each particular class size category, and increase the quotient to the next highest integer where a fractional amount is produced.

(b) He shall then determine for each particular class size category the product of the amount computed under subdivision (a) multiplied by the maximum class size established by law for special day classes for the particular category.

(c) He shall then multiply the amount computed under subdivision (b) by the following amount of the particular level and category:

| Category | Elementary grades (K–8) | High school grades (9–12) | Community college grades (13–14) |
|---|---|---|---|
| Educationally handicapped | | | |
| Class-size maximum of 12 | $1,000 | $870 | $710 |

SEC. 31.5. Section 18105 of the Education Code is repealed.

SEC. 32. Chapter 3 (commencing with Section 20450) is added to Division 15 of the Education Code, to read:

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## Chapter 3. Maximum Property Tax Rates for the County Superintendent of Schools

### Article 1. Computation of Tax Rates

20450. (a) The property tax rates that the county superintendent of schools is authorized to levy for special schools and classes shall be determined pursuant to this chapter.

(b) The maximum allowable tax rate for educable mentally retarded and the maximum allowable tax rate for trainable mentally retarded shall be determined for each in the following manner:

(1) The county superintendent shall determine the average expenditure per class, exclusive of capital outlay, for the 1972–73 fiscal year;

(2) He shall increase this amount by 5 percent;

(3) He shall multiply the amount determined in paragraph (2) by the number of classes estimated to be established for the 1973–74 fiscal year;

(4) He shall decrease the amount determined in paragraph (3) by the federal aid, all state aid, the local foundation program contribution of the districts, pursuant to Section 885.5, and any other local income other than property tax revenue;

(5) The remainder determined in paragraph (4), if any, may be raised by a tax rate levied on the assessed valuation of the school districts for which the program is available.

(c) The maximum allowable tax rate for special classes of physically handicapped shall be determined as follows:

(1) The county superintendent shall determine the average expenditure per type of class, exclusive of capital outlay, for the 1972–73 fiscal year;

(2) He shall increase this amount by 5 percent;

(3) He shall multiply the amount determined in paragraph (2) by the number of classes estimated to be established for the 1973–74 fiscal year;

(4) He shall decrease the amount determined in paragraph (3) by the federal aid, all state aid, the local foundation program contribution of the districts pursuant to Section 885.5, and any other local income other than property tax revenue;

(5) The remainder determined in paragraph (4), if any, may be raised by a tax rate levied on the assessed valuation of the districts for which the program is available.

(d) The maximum allowable tax rate for each of the physically handicapped programs of remedial instruction including special blind instruction, remedial physical education, and individual instruction shall be determined in the following manner:

(1) The county superintendent of schools shall determine the expenditure per average daily attendance, excluding capital outlay, for the 1972–73 fiscal year;



(2) He shall increase the amount per average daily attendance by 5 percent;

(3) He shall multiply the amount determined in paragraph (2) by the estimated number of average daily attendance for the 1973–74 fiscal year;

(4) He shall decrease the amount determined in paragraph (3) by the federal aid, all state aid, local foundation program contribution of districts pursuant to Section 885.5, and any other local income other than property tax revenue;

(5) The remainder from paragraph (4) may be raised by a tax rate over the assessed valuation of the districts for which each program is available.

(e) The maximum tax rate for the juvenile hall program shall be determined in the following manner:

(1) The county superintendent of schools shall determine an expenditure per unit of average daily attendance, excluding capital outlay, for the 1972–73 fiscal year;

(2) He shall increase the amount per average daily attendance by 5 percent;

(3) He shall multiply the amount determined in paragraph (2) by the estimated number of average daily attendance for the 1973–74 fiscal year;

(4) He shall decrease the amount determined in paragraph (3) by the federal aid, all state aid, and local income other than property tax revenue;

(5) The remainder from paragraph (4) may be raised by a tax rate over the assessed valuation of the county.

(f) The maximum tax rate for any program in subdivisions (b) to (e), inclusive, for each fiscal year subsequent to the 1973–74 fiscal year shall be determined by:

(1) Increasing the allowed average expenditure per class or average daily attendance for the prior year by the inflation adjustment determined by the Superintendent of Public Instruction and the Director of Finance;

(2) Multiplying the amount determined in paragraph (1) by the estimated number of classes or units of average daily attendance projected for the budget year;

(3) Reducing the amount determined in paragraph (2) by the appropriate methods prescribed in subdivision (b) to (e), inclusive, and by any amount which resulted from overestimating the number of classes pursuant to subdivisions (b) and (c) or the number of average daily attendance pursuant to subdivisions (d) and (e), and determining the tax rate pursuant to the appropriate subdivision.

20451. The maximum tax rates the county superintendent of schools may levy for the purposes and under the terms and conditions of Sections 885.5, 5661, 6955, 17263.1, 20157, and 20202 shall be that necessary to pay the estimated costs for each.

20452. The maximum tax rate the county superintendent of

schools may levy pursuant to Section 6739, 6880.16, or 7456 shall be that necessary to fund the proposed authorized expenditures, exclusive of capital outlay, after all federal aid, state aid, and local income, other than from property tax revenue has been deducted, but in no case shall the rate exceed that limit prescribed in Section 6739, 6880.16 or 7456 for current expenses only.

20453. The county superintendent of schools may levy the tax rate necessary for payments required pursuant to any school building aid law.

20454. The county superintendent may levy a tax rate for capital outlay costs for all purposes, not funded in Section 20453, except that proceeds from this tax may not be used to construct any administration facilities or centers unless, and to the extent that, a tax was levied and collected for such purpose in the 1972–73 fiscal year. The tax rate shall be levied on the areas served, but the rate in any portion of the county shall not exceed five cents ($0.05) per one hundred dollars ($100) of assessed valuation.

20455. The county superintendent of schools may levy a tax rate necessary to pay tuition charges for excess costs which are billed the county superintendent for children enrolled in mandated programs.

20456. (a) The county superintendent shall have a maximum tax rate available for the operation, maintenance and housing of the county office and for any ongoing program, not included in any previous section of this article.

(b) For fiscally independent county superintendent offices, the maximum allowable tax rate shall be the rate levied for these purposes in 1971–72 or 1972–73, whichever is higher, minus that portion of the rate levied for capital outlay and juvenile hall purposes. This maximum rate may be exceeded in the amount and under the terms specified in subdivision (c) of Section 2165 of the Revenue and Taxation Code.

(c) For fiscally nonindependent county superintendent offices, the maximum allowable tax rate shall be computed by determining the amount of expenditures for the county superintendent of schools' office, exclusive of capital outlay expenditures and expenditures for juvenile hall purposes, in 1971–72 and 1972–73 which were funded from property tax revenues attributable to the county general fund. The amount for each year shall be converted to a tax rate equivalent for that year by dividing each amount by the assessed value of the county in that year and multiplying the quotient by 100; the higher of the two resulting tax rate equivalents shall be the maximum allowable tax rate. This maximum rate may be exceeded in the manner and under the terms specified in subdivision (c) of Section 2165 of the Revenue and Taxation Code.

(d) The maximum allowable tax rate described in this section is not intended to prohibit a county from augmenting the budget of the county superintendent of schools offices from general county funds. If the budget of the county superintendent of schools, as set by the





county, does not require the full amount of the maximum allowable rate, the difference between the maximum rate and the actual rate required shall not be levied and shall not be available for any other county purpose.

(e) The maximum allowable tax rates described in this section may be increased by a majority vote of those voting on a proposition relating to such increase. Such a proposition may be voted on only in conjunction with a general countywide election.

20457. In any fiscal year, new maximum allowable rates shall be computed as if the maximum allowable rates were levied in the prior fiscal year, but such maximum allowable rates need not be levied.

20458. None of the rates authorized pursuant to this article shall be included in computing the maximum allowable tax rates for counties pursuant to Article 2 (commencing with Section 2165) of Chapter 1.5 of Part 4 of Division 1 of the Revenue and Taxation Code.

SEC. 32.5. Section 20704 of the Education Code is amended to read:

20704. The board of supervisors shall determine the rate of district tax necessary to be levied as follows:

(a) They shall divide the amount of taxes as required to be raised by the unequalized value of the secured roll, exclusive of the assessed valuation increment used to allocate tax receipts to a redevelopment agency pursuant to Article 6 (commencing with Section 33670) of Chapter 6 of Part 1 of Division 24 of the Health and Safety Code, of the last assessment roll of the district after due allowance for delinquencies. The rate shall be such as will produce the amount determined as necessary to be raised by taxation on the secured roll.

(b) Except in counties that distribute property taxes according to Chapter 3 (commencing with Section 4701) of Part 8 of Division 1 of the Revenue and Taxation Code, the allowance for delinquencies shall be fixed by determining for three consecutive years of the preceding four years the percentage that the combined amounts of taxes uncollected at the end of each year bear to the total amount of taxes levied for those years.

(c) In counties that distribute property taxes according to Chapter 3 (commencing with Section 4701) of Part 8 of Division 1 of the Revenue and Taxation Code, an allowance for subsequent additions, cancellations, and corrections affecting the tax roll shall be fixed by determining for three consecutive years of the preceding four years the percentage that the combined amounts of such items at the end of each year bear to the total amount of taxes levied for those years.

An allowance for delinquencies may be fixed for which the maximum limit is established by determining for three consecutive years of the preceding four years the percentage that the combined amounts of all county levied uncollected taxes at the end of each year bears to the amount of all county levied taxes for those years.

SEC. 33. Section 20803 of the Education Code is amended to read:

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20803. Any maximum rate of tax for any community college district may be increased and, having been increased, may be decreased by an amount equal to or less than the amount of such increase, by a majority vote of the qualified electors of the community college district at an election which may be ordered by the governing board of the community college district of its own motion and shall be ordered within 90 days after the filing with the governing board of a petition signed by not less than 10 percent of the registered voters of the district, requesting that an election be ordered, unless the petitioners request that the election be consolidated with the annual election for members of the governing board, or that the election be consolidated with the general election.

Any decrease in an increased maximum tax rate pursuant to this section shall not be in an amount which will reduce the tax rate for the district below the maximum specified in Section 20751. The governing board shall determine whether the increase or decrease shall remain in effect for a specified or unspecified period of time, unless the petition filed by the electors provides for a specified or unspecified period of time. If a specified period is provided for in the petition or determined upon by the governing board, such period shall be stated on the ballot.

Pursuant to the order of the governing board, the election shall be called, held, and conducted by the county superintendent of schools, as nearly as is practicable in accordance with the provisions of Chapter 6 (commencing with Section 1301) of Division 4.

The specification of the election order shall contain the information provided in Section 1323 of this code and shall be furnished the county superintendent of schools by the governing board of the district for all maximum tax increase or decrease elections ordered by it.

The costs incurred by the county clerk or registrar of voters and the county superintendent of schools in connection with this section shall be paid out of the funds of the district.

Except as otherwise herein provided, the ballot used in the election shall contain substantially the words "Shall the proposed (increase decrease) in the maximum tax rates from _____ ($_____) to _____ ($_____) for each one hundred dollars ($100) of assessed valuation of property, such rate to be in effect in the _____ District for the school year (or years) 19__ to 19__, the revenues of which are to be used for _____, be authorized?" or the words "Shall the proposed (increase decrease) in the maximum tax rates from _____ ($_____) to _____ ($_____) for each one hundred dollars ($100) of assessed valuation of property commencing on _____, such rate to be in effect in the _____ District for the school years commencing 19__, the revenues of which are to be used for _____, be authorized?" Opposite such words, in separate lines, the words "Yes" and "No" shall be printed, with a voting square opposite each such word. If, at any prior election held in the district, the maximum tax rate of the district was increased for a specified period of time, and if the election is called for the purpose of continuing in effect the previously authorized increase in the maximum tax rate of the district, the ballot shall contain substantially the words "Shall the existing maximum tax rate of _____ ($_____) for each one hundred dollars ($100) of assessed valuation of property be continued in the _____ District for the school years 19__ to 19__, the revenues of which are to be used for _____?" Opposite such words in separate lines, the words "Yes" and "No" shall be printed with a voting square opposite each such word. Each voter shall stamp a cross in the voting square after the answer he desires to give.



Whenever the maximum tax rate of a community college district is increased for either a specified or unspecified period of time and during such period an election is called for the purpose of further increasing the maximum tax rate of the district, the ballot used in the election shall show only the authorized maximum tax rate of the district in effect at the time of the election and the proposed maximum tax rate.

If an election for a decrease in an increased maximum tax rate of a district is held in any year prior to or concurrently with the district election for governing board members, any decrease adopted at such election shall become effective on July 1st following the election. If an election for a decrease in an increased tax rate of a district is held in any year after the date of the district election for governing board members, any decrease adopted at such election shall not become effective until July 1st of the next succeeding year.

SEC. 34. Section 20803.2 is added to the Education Code, to read:

20803.2. Effective September 4, 1973, and thereafter, any revenue limit per unit of average daily attendance for any elementary, high school and unified district may be increased and, having been increased, may be decreased, by an amount equal to or less than the amount of such increase, by a majority vote of the qualified electors of the school district at an election which may be ordered by the governing board of the school district of its own motion and shall be ordered within 90 days after the filing with the governing board of a petition signed by not less than 10 percent of the registered voters of the district, requesting that an election be ordered, unless the petitioners request that the election be consolidated with the annual election for members of the governing board, or that the election be consolidated with the general election.

The governing board shall determine whether the increase or decrease shall remain in effect for a specified or unspecified period of time, unless the petition filed by the electors provides for a specified or unspecified period of time. If a specified period is provided for in the petition or determined upon by the governing board, such period shall be stated on the ballot.

Pursuant to the order of the governing board, the election shall be

called, held, and conducted as nearly as is practicable in accordance with the provisions of Chapter 6 (commencing with Section 1301) of Division 4.

The specification of the election order shall contain the information provided in Section 1323 and shall be furnished by the governing board of the district for all revenue limit increase or decrease elections ordered by it.

The costs incurred by the county clerk or registrar of voters and the county superintendent of schools in connection with this section shall be paid out of the funds of the district.

Except as otherwise herein provided, the ballot used in the election shall contain substantially the words "Shall there be authorized an (increase, decrease) of the revenue limit per unit of average daily attendance from _____ dollars ($_____) to _____ dollars ($_____), such (increase, decrease) to be effective in the _____ School District for the (school year 19__, only, years 19__ to 19__, years commencing 19__) the revenues of which are to be used for _____?

"The estimated (increase, decrease) of the revenue limit will result in an (increase, decrease) to the tax rate of the _____ School District in the first year from _____ dollars ($_____) to _____ dollars ($_____) for each one hundred dollars ($100) of assessed valuation of property." Opposite such words, in separate lines, the words "Yes" and "No" shall be printed, with a voting square opposite each such word. If, at any prior election held in the district, after the effective date of this section, the revenue limit of the district had been increased for a specified period of time, and if the election is called for the purpose of continuing in effect the previously authorized increase in the revenue limit per unit of average daily attendance of the district, the ballot shall contain substantially the words "Shall the existing revenue limit increase of _____ dollars ($_____) per unit of average daily attendance be continued in the _____ School District for the school years 19__ to 19__, the revenues of which are to be used for _____?" Opposite such words in separate lines, the words "Yes" and "No" shall be printed with a voting square opposite each such word. Each voter shall stamp a cross in the voting square after the answer he desires to give.

Whenever the revenue limit per unit of average daily attendance of a school district is increased for either a specified or unspecified period of time and during such period an election is called for the purpose of further increasing the revenue limit per unit of average daily attendance of the district, the ballot used in the election shall show only the authorized revenue limit increase per unit of average daily attendance of the district in effect at the time of the election and the proposed revenue limit increase per unit of average daily attendance.

If an election for a decrease in an increased revenue limit of a district is held in any year prior to or concurrently with the district election for governing board members, any decrease adopted at such election shall become effective on July 1 following the election. If an election for a decrease in a revenue limit of a district is held in any year after the date of the district election for governing board members, any decrease adopted at such election shall not become effective until July 1 of the next succeeding year.



SEC. 35. Section 20804 of the Education Code is amended to read:

20804. Any such increase or decrease in tax rates or revenue limits shall remain in effect only for the period specified on the ballot, if such period was specified by the governing board.

SEC. 36. Section 20903 of the Education Code is amended to read:

20903. Commencing on July 1, 1973, the maximum school district tax rate of any school district maintaining kindergarten and any of grades 1 to 12, inclusive, shall be the rate computed pursuant to this article. In addition, each such district may levy a tax as authorized in Section 1905, 6880.16, 7456 for capital outlay purposes only, 11872, 15517, 15518, 15708, 15709, 16750, 19443, 19619, 19683.5, 19687, 19688, 19695, 19700.3, 20801, 20911, or 22101 of the Education Code and Section 5302.5 of the Streets and Highways Code. Any other provision of law fixing the maximum school district tax rate for any such district or authorizing the levy and collection of taxes for any other purpose is hereby superseded and declared inoperative as to such districts.

SEC. 37. Section 20904 of the Education Code is amended to read:

20904. For the purposes of this section, the assessed valuation used in computing revenue limits and the maximum tax rate is defined as the total actual assessed valuation, including business inventory and homeowners exemption and exclusive of the assessed valuation increment used to allocate tax receipts to a redevelopment agency pursuant to Article 6 (commencing with Section 33670) of Chapter 6 Part 1 of Division 24 of the Health and Safety Code.

For the purposes of this section, the revenue limit computational tax rate is defined as the district's fiscal year tax rate exclusive of tax rates provided in Section 1905, 6880.16, 7456 for capital outlay purposes only, 11872 but no greater than five cents ($0.05) per one hundred dollars ($100) of assessed valuation, 15517, 15518, 15708, 15709, 16633, 16635, 16645.9, 16750, 19443, 19619, 19683.5, 19687, 19688, 19695, 20801, 20911, or 22101 of the Education Code and Section 5302.5 of the Streets and Highways Code.

In computing the sum of the tax rates pursuant to this section, Section 20808.5 shall be considered a rate upon the elementary district taxed and not on the high school district.

(a) For the 1973–74 fiscal year only, the county superintendent of schools shall compute for each school district in the county an amount equal to the sum of (1) the district's 1972–73 fiscal year revenue limit computational tax rate, multiplied by the actual assessed valuation on the secured roll of the district for the 1972–73

fiscal year, and the district's 1971–72 fiscal year revenue limit computational tax rate, multiplied by the assessed valuation on the unsecured roll of the district for the 1972–73 fiscal year, (2) the amount of areawide aid received by the district for the 1972–73 fiscal year, (3) 32½ percent of the residual retirement reserve transferred under Chapter 117 of the Statutes of 1972, (4) the total amount of basic state aid, equalization aid, supplemental support, and inflation cost adjustment which the districts received pursuant to the provisions of this code and the Budget Act of 1972 as computed by the Superintendent of Public Instruction, and (5) the amount of income from the equalization offset tax pursuant to Section 17263.1.

(b) The amount computed in subdivision (a) shall be divided by the foundation program average daily attendance in the second principal apportionment and shall be the 1972–73 base revenue per unit of average daily attendance.

(c) The base revenue per unit of average daily attendance for each district shall be divided into the following amounts per unit of average daily attendance: for elementary districts, nine hundred dollars ($900); for high school districts, one thousand one hundred sixty-five dollars ($1,165), for unified districts, nine hundred eighty dollars ($980). If the result is greater than one it shall be deemed to be one.

(d) The quotient determined pursuant to subdivision (c) shall be multiplied by seventy dollars ($70) per unit of average daily attendance.

(e) The product determined pursuant to subdivision (d) shall be added to the base revenue per unit of average daily attendance determined pursuant to subdivision (b) and multiplied by the estimated foundation program unit of average daily attendance in the second principal apportionment of the districts for the 1973–74 fiscal year.

(f) The amount computed pursuant to subdivision (e) shall be compared with the total amount computed for the district pursuant to Article 2 (commencing with Section 17651), excluding Section 17668.5, Article 2.1 (commencing with Section 17671), and subdivision (a) of Section 17951. The larger of the two amounts shall be the revenue limit of the district for the 1973–74 fiscal year but in no case shall exceed 116 percent of the 1972–73 base revenue per unit of average daily attendance multiplied by the 1973–74 fiscal year estimated foundation program average daily attendance or the 1972–73 base revenue per unit of average daily attendance plus seventy dollars ($70) multiplied by the 1973–74 fiscal year estimated foundation program average daily attendance, whichever is higher. This revenue limit is exclusive of federal funds and state funds except those specified in subdivision (a).

In lieu of the revenue limit determined pursuant to the preceding paragraphs of subdivision (f) a district may request the county superintendent of schools to determine its revenue limit for the 1973–74 fiscal year using either, but not both, of the two following methods: (1) determine the base revenue per average daily attendance for the 1972–73 fiscal year by including the unused portion of a voted override in the revenue limit computational tax rate, use sixty-five dollars ($65) instead of seventy dollars ($70) as the computational amount in subdivision (d), use 115 percent instead of 116 percent as the computational limit in subdivision (f). For purposes of this paragraph, the unused portion of a voted override shall be determined as the difference between the total of the maximum tax rate approved by an election pursuant to Section 20803 added to the actual tax rates levied, in the same fiscal year during which the election was held, for all other purposes except pursuant to Sections 1905, 7456 for capital outlay only, 11872 but no greater than five cents ($0.05) per one hundred dollars ($100) of assessed valuation, 15517, 15518, 15708, 15709, 16633, 16635, 16645.9, 19443, 19619, 19683.5, 19687, 19688, 19695, 20801, 20930, and 22101 of the Education Code, and Section 5302.5 of the Streets and Highways Code, and the actual tax levied for the 1972–73 fiscal year, including the areawide tax rate levied but exclusive of the tax rates levied pursuant to Sections 1905, 7456 for capital outlay only, 11872 but no greater than five cents ($0.05) per one hundred dollars ($100) of assessed valuation, 15517, 15518, 15708, 15709, 16633, 16635, 16645.9, 19443, 19619, 19683.5, 19687, 19688, 19695, 20801, 20930, and 22101 of the Education Code, and Section 5302.5 of the Streets and Highways Code.

(2) Determine the base revenue per average daily attendance for the 1972–73 fiscal year by including an amount equal to the unrestricted balance used to balance income to expenditures in the 1972–73 fiscal year with such amount not to exceed 3 percent of the total expenditures in the General Fund for the 1972–73 fiscal year, use sixty-five dollars ($65) instead of seventy dollars ($70) as the computational amount in subdivision (d), use 115 percent instead of 116 percent as the computational limit in subdivision (f). For purposes of this paragraph, the unrestricted balance shall be determined as the difference when the ending balance, less restricted amounts plus transfers of unrestricted amounts to other funds which remain as ending balances in other funds, is subtracted from the beginning balance, less restricted amounts in the 1972–73 General Fund.

Notwithstanding subdivision (f), if, due to changes in federal legislation or administrative policy, the entitlement under Public Law 81-874 is reduced or discontinued and is not replaced by other federal funding, and if a district experiencing such loss has a revenue limit less than the foundation program, it shall be allowed to increase the revenue limit by an amount equal to the difference between the Public Law 81-874 income per unit of foundation program average daily attendance of the 1972-73 fiscal year and the estimated Public Law 81-874 income per unit of foundation program average daily

attendance of the 1973–74 fiscal year, if any, multiplied by the estimated foundation program average daily attendance of the 1973–74 fiscal year. Such increased revenue limit shall not exceed the foundation program of the 1973–74 fiscal year.

(g) From the revenue limit ascertained from the comparison made pursuant to subdivision (f), there shall be subtracted the total amount of basic state aid and state equalization aid to be received by the district during the 1973–74 fiscal year, as adjusted by repayment of any advances authorized by Section 17401.5, the amount of areawide aid to be received for the 1973–74 fiscal year, and the amount of income to be received from the equalization offset tax pursuant to Section 17263.1.

(h) The amount determined pursuant to subdivision (g) shall be adjusted sufficiently to allow for the mandated increases for district contributions for the State Teachers' Retirement System as required by Section 14100. Such adjustment, together with any rate levied in the 1972–73 fiscal year pursuant to Section 14111, shall not exceed the revenue derived by the tax rate provided in Section 14111.

(i) The amount computed pursuant to subdivision (h) shall be the local revenue limit of the district for the 1973–74 fiscal year. From the local revenue limit, there shall be subtracted 32½ percent of the residual retirement reserve transferred under Chapter 117 of the Statutes of 1972.

(j) From the amount computed in subdivision (i), there shall be subtracted, (1) the amount of money collected or to be collected as taxes on property on the unsecured roll of the 1973–74 fiscal year, excluding the amounts collected through the levy of taxes provided in Section 1905, 7456 for capital outlay purposes only, 11872, 15517, 15518, 15708, 15709, 16633, 16635, 16645.9, 16750, 19443, 19619, 19683.5, 19687, 19688, 19695, 19700.3, 20801, 20911, or 22101 of the Education Code and Section 5302.5 of the Streets and Highways Code and (2) the income from prior year taxes.

(k) The amount determined pursuant to subdivision (j) shall be divided by the amount of actual assessed valuation of the district on the secured roll after due allowance for delinquencies pursuant to Section 20704. The quotient multiplied by 100 shall be the tax rate on each one hundred dollars ($100) of such assessed valuation and shall be the maximum general purpose rate which may be levied in the district during the 1973–74 fiscal year, exclusive of taxes provided in Section 1905, 6880.16, 7456 for capital outlay purposes only, 11872, 15517, 15518, 15708, 15709, 16750, 19443, 19619, 19683.5, 19687, 19688, 19695, 19700.3, 20801, 20911, or 22101 of the Education Code and Section 5302.5 of the Streets and Highways Code. The revenue limit in subdivision (f) notwithstanding, in no case for districts receiving state equalization aid, shall the tax rate be reduced below one dollar ($1) on the elementary level or eighty cents ($0.80) on the high school level or one dollar and eighty cents ($1.80) for a unified school district, except that when the district has levied upon it an areawide tax, such areawide tax rate levied shall be considered first as part of the minimum tax rate limit.



SEC. 38. Section 20904.1 is added to the Education Code, to read:

20904.1 Any voted increase in the maximum tax rate, to be effective commencing with the 1973–74 fiscal year, which does not have a termination date shall be added to the 1972–73 fiscal year and 1971–72 fiscal year tax rates used to determine the 1972–73 base revenue per unit of average daily attendance.

Any voted increase in the maximum tax rate, to be effective commencing with the 1973–74 fiscal year, which does have a termination date shall be multiplied by the total estimated assessed valuation for the 1973–74 fiscal year, and the result divided by the estimated foundation program average daily attendance of the second principal apportionment for the 1973–74 fiscal year. This override tax revenue per unit of average daily attendance shall be added to the revenue per unit of average daily attendance for the 1973–74 fiscal year prior to the computation of the revenue limit of the district for the 1973–74 fiscal year pursuant to subdivision (f) of Section 20904. For the computation of the revenue limit of the district for the year immediately following the last year of authorization of the voted override, the amount of this increase as it actually affected the revenue limit shall not be included.

SEC. 38.3. Section 20904.3 is added to the Education Code, to read:

20904.3. For any school district in which a voted override tax expired at the end of the 1973–74 fiscal year and which expended, appropriated, or obligated by contract, general purpose tax rate income during the 1972–73 fiscal year for the costs of new buildings or site acquisition, the amount that was expended, appropriated, or obligated by contract during the 1972–73 fiscal year for the costs of new buildings or site acquisition shall be subtracted from the base revenue limit used to determine the revenue limit for the 1974–75 fiscal year.

SEC. 39. Section 20905 of the Education Code is amended to read:

20905. For the 1974–75 fiscal year and each fiscal year thereafter, (a) the maximum general purpose tax rate for each elementary, high, and unified school district in the county shall be computed pursuant to this section by the county superintendent of schools.

(b) The revenue limit per foundation program unit of average daily attendance for the district for the prior fiscal year shall be divided into the appropriate foundation program amount per unit of average daily attendance for the prior year. If the quotient is greater than one, it shall be deemed to be one.

(c) The foundation program amount per unit of average daily attendance used as the dividend in subdivision (b) shall be determined by the Superintendent of Public Instruction pursuant to this subdivision. For elementary school districts, it shall be the foundation program for districts which have an average daily

attendance of 901 or more. For high school districts it shall be the foundation program for districts with an average daily attendance of 301 or more. For unified districts, it shall be the sum of (1) the foundation program of elementary districts which have an average daily attendance of 901 or more multiplied by the elementary foundation program units of average daily attendance of unified districts in the second principal apportionment, plus (2) the foundation program for high school districts with an average daily attendance of 301 or more multiplied by the high school foundation program units of average daily attendance of unified districts in the second principal apportionment divided by the sum of the elementary and high school units of average daily attendance of unified districts in the second principal apportionment.

(d) The inflation adjustment jointly determined by the Department of Education and the Department of Finance, which inflation index shall not, in any event, be less than 5 percent or more than 6 percent, shall be multiplied by the appropriate foundation program amount.

(e) The product determined pursuant to subdivision (d) shall be multiplied by the quotient determined pursuant to subdivision (b). The resultant amount shall constitute the revenue limit inflation adjustment of the district.

(f) The revenue limit inflation adjustment shall be added to the prior year revenue limit per foundation program unit of average daily attendance of the district and the sum multiplied by the estimated foundation program average daily attendance of the budget year. The product shall be the revenue limit of the district for the budget year.

(g) Any district which has a revenue limit computed pursuant to subdivision (f) which is equal to or less than the foundation program computed for the district pursuant to Article 2 (commencing with Section 17651), excluding Section 17668.5, Article 2.1 (commencing with Section 17651), and subdivision (a) of Section 17951 as adjusted pursuant to subdivision (e) of Section 17301 may increase its revenue limit computed pursuant to subdivision (f) to the lesser of the foundation program level of the district or the prior year revenue limit increased by fifteen percent (15%).

For the 1974–75 and 1975–76 fiscal years only, notwithstanding subdivision (g) if, due to changes in federal legislation or administrative policy, the entitlement under Public Law 81-874 is reduced or discontinued and is not replaced by other federal funding, and if a district experiencing such loss has a revenue limit less than the foundation program, it shall be allowed to increase the revenue limit by an amount equal to the difference between the Public Law 81-874 income per foundation program average daily attendance of the prior year and the estimated Public Law 81-874 income per unit of foundation program average daily attendance of the budget year, if any, multiplied by the estimated foundation program average daily attendance of the budget year. Such increased revenue limit shall not exceed the foundation program of the budget year.

(h) From the amount computed pursuant to subdivision (f) or (g), there shall be subtracted the basic state aid and state equalization aid to be received for the budget year, areawide aid to be received for the budget year, and the amount of income to be received from the equalization offset tax pursuant to Section 17253.1.

(i) The amount determined pursuant to subdivision (h) shall be adjusted sufficiently to allow for the mandated increases for district contributions for the State Teachers' Retirement System as required by Section 14100. Such adjustment, together with any rate levied in any prior year pursuant to Section 14111, shall not exceed the revenue derived by the tax rate provided in Section 14111. The adjusted amount shall be the local revenue limit of the district for the budget year.

(j) From the amount computed pursuant to subdivision (i), there shall be subtracted the amount of money collected or to be collected as taxes on property on the unsecured roll of the budget year, excluding the amounts collected through the levy of taxes provided in Section 1905, 6880.16, 7456 for capital outlay purposes only, 11872, 15517, 15518, 15708, 15709, 16750, 19443, 19619, 19683.5, 19687, 19688, 19695, 19700.3, 20801, 20911, or 22101 of the Education Code and Section 5302.5 of the Streets and Highways Code.

(k) For the purposes of this subdivision, the assessed valuation used in computing the maximum tax rate is defined as the total actual assessed valuation, including business inventory and homeowners exemption and exclusive of the assessed valuation increment used to allocate tax receipts to a redevelopment agency pursuant to Article 6 (commencing with Section 33670) of Chapter 6 of Part 1 of Division 24 of the Health and Safety Code.

The amount determined pursuant to subdivision (j) shall be divided by the amount of actual assessed valuation of the district on the secured roll after due allowance for delinquencies, pursuant to Section 20704. The quotient multiplied by 100 shall be the tax rate on each one hundred dollars ($100) of such assessed valuation and shall be the maximum general purpose tax rate which may be levied in the district during the 1973–74 fiscal year, exclusive of taxes provided in Section 1905, 6880.16, 7456 for capital outlay purposes only, 11872, 15517, 15518, 15708, 15709, 16750, 19443, 19619, 19683.5, 19687, 19688, 19695, 19700.3, 20801, 20911, or 22101. The revenue limit in subdivision (g) notwithstanding, in no case for districts receiving equalization aid, shall the tax rate be reduced below one dollar ($1) on the elementary level or eighty cents ($0.80) on the high school level or one dollar and eighty cents ($1.80) for a unified school district, except that when the district has levied upon it an areawide tax, such areawide tax rate levied shall be considered first as part of the minimum tax rate limit.

SEC. 39.3. Section 20905.5 is added to the Education Code, to read:

20905.5. A district may add in Sections 20904 and 20905 for purposes of increasing the district's revenue limit for the budget year a portion of its loss in average daily attendance when it is anticipated that the estimated second principal apportionment units of average daily attendance, excluding defined adults and summer school average daily attendance, will be less than those of the preceding year. The number of units of average daily attendance to be added is determined as follows:

(a) When the reduction in average daily attendance is less than 1 percent of the preceding year average daily attendance no adjustment is allowed.

(b) When the reduction in average daily attendance is more than 1 percent of the preceding year average daily attendance, but less than 2 percent, multiply the estimated average daily attendance, excluding defined adult and summer school average daily attendance, for the budget year by the fraction of a percent by which the difference exceeds 1 percent and add the result to the estimated average daily attendance of the budget year used to set the revenue limit.

(c) When the reduction in average daily attendance is greater than 2 percent of the preceding year average daily attendance, divide the difference in average daily attendance by two and add the quotient to the estimated average daily attendance of the budget year.

The amount calculated in subdivision (b) or (c) shall be considered an addition to the estimated average daily attendance for purposes of increasing the revenue limit, but shall not be used to compute state apportionments.

This amount of adjustment in estimated units of average daily attendance shall be allowed without requiring a reduction in the revenue limit in the subsequent year which otherwise would be required pursuant to Section 20907, except that to the extent that actual data differs from the estimated unit of average daily attendance used in this section, Section 20907 shall be applicable.

SEC. 40. Section 20906 of the Education Code is amended to read:

20906. Commencing September 4, 1973, the revenue limit prescribed by Section 20905 may be exceeded upon approval of a majority of the electors of the district voting on a proposition to that effect pursuant to Section 20803.2. Such approval may be granted for any period of time, and shall be added to the budget year revenue limit per foundation program unit of average daily attendance of the district as determined in subdivision (g) of Section 20905 in computing the maximum general purpose tax rate for each year in which the voted revenue limit increase is effective.

For the fiscal year following the last year in which the voted revenue limit increase is authorized, the amount of the voted revenue limit increase as it actually affected the revenue limit shall be subtracted from the revenue limit per foundation program unit of average daily attendance of the district as determined in subdivision (g) of Section 20905.



SEC. 41. Section 20909 of the Education Code is repealed.

SEC. 42. Section 20909.1 is added to the Education Code, to read:

20909.1. The unexpended proceeds of any permissive tax rate, the authorization for the levy and collection of which has been made inoperative by this article, shall be transferred to the general fund of the district on July 1, 1973. The consolidation of all tax rates previously permitted and now included to the extent needed within the total general fund rate does not preclude districts from expending funds for the purposes normally supported by such permissive restricted overrides in prior years.

SEC. 43. Section 20909.2 is added to the Education Code, to read:

20909.2. It is the intent of the Legislature that an interim study be conducted on wealth equalizing among school districts, including but not limited to such means of wealth equalizing as variable foundation programs, power or wealth equalizing, and wealth pooling.

SEC. 44. Section 20910 of the Education Code is repealed.

SEC. 45. Section 20910.5 of the Education Code is repealed.

SEC. 46. Section 20911 of the Education Code is repealed.

SEC. 47. Section 20912 of the Education Code is repealed.

# An Act

HOUSE BILL NO. 1562. BY REPRESENTATIVES Moore, Bledsoe, Bryant, Buechner, Dittemore, Eckelberry, Edmonds, Fentress, Fuhr, Gustafson, Hamlin, Herzberger, Hinman, Hobbs, Hybl, Koster, Miller, O'Brian, Pettie, Sack, Sears, Southworth, Spano, Tempest, Baker, Gunn, McNeil, Ross, Showalter, and Younglund; also SENATORS L. Fowler, Allshouse, Anderson, H. Brown, Cole, DeBerard, Garnsey, Locke, McCormick, MacManus, Minister, Noble, Ruland, Schieffelin, Shoemaker, Stockton, Strickland, and Wunsch.

RELATING TO THE FINANCING OF PUBLIC SCHOOLS.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. Chapter 123, Colorado Revised Statutes 1963, as amended, is amended BY THE ADDITION OF A NEW ARTICLE to read:

ARTICLE 44

Public School Finance Act of 1973

123-44-1. Short title. This article shall be known and may be cited as the "Public School Finance Act of 1973".

123-44-2. Definitions. (1) As used in this article, unless the context clearly requires otherwise:

(2) "District" means any public school district organized under the laws of Colorado, except a junior college district.

(3) "Joint district" means a district, the territory of which is located in more than one county.

(4) "State board" means the state board of education.

(5) "Board of Education" means the board of education of a district.

(6) "Regular school year" or "current school year" means that period of time beginning on or about June 1 and ending one calendar year later.

(7) "Budget year" means the calendar year for which a budget for a district is adopted.

(8) "Public school income fund" means the income derived from the public school fund created by article IX of the constitution of the state of Colorado, and statutes enacted pursuant thereto.

(9) "Aggregate of daily attendance", for any period of time, means the cumulative total of the days of attendance in the public schools of a district during the period of time by all regularly enrolled pupils under the age of twenty-one years who have not completed the twelfth grade in any high school, including pupils enrolled in kindergarten classes, counting one day of attendance for each pupil in attendance for at least one full period of the regular instruction program beyond one-half of the number of hours of the school day, and counting one-half day of attendance for each pupil in attendance for at least one full period of the regular instruction program but less than the number of hours required for the counting of a full day of attendance, and counting one-half day of attendance for each pupil attending night school classes for a minimum of two hours.

(10) "Average daily attendance", for any period of time, means the number computed by dividing the aggregate of daily attendance of a district for a period of time by the actual number of days of school taught during that period of time.

(11) "Aggregate of daily membership", for any period of time, means the potential cumulative total of the days of attendance during the period of time, assuming all pupils to be in attendance one hundred percent of the time for which they are enrolled, and counting one-half day of membership for each pupil so enrolled that regular attendance during a school day would permit the counting of only one-half day of attendance in computing the aggregate of daily attendance.

(12) "Average daily membership", for any period of time, means the number computed by dividing the aggregate of daily membership for the period of time by the actual number of days of school taught during that period of time.

123-44-3. District eligibility. (1) A district to be eligible for state equalization program support under the provisions of this article for any budget year shall have elected to accept and become subject to the terms and conditions of this article, shall maintain a full twelve-grade program, and shall

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.

have scheduled one hundred eighty actual days of school during the regular school year, or the specified number of days in a pilot program which has been approved by the state board under subsection (2) of this section.

(2) The state board may approve pilot programs which are designed to evaluate the advantages and disadvantages of modifications in the traditional school calendar through increased use of school facilities and which the state board finds to offer educational opportunities equivalent to those offered in a one hundred eighty-day school program. Each pilot program approved under this subsection (2) shall specify the minimum number of days of school for which a pupil must be enrolled during any twelve-month period. Any district which operates a pilot program approved under this subsection (2) shall be eligible for full state equalization support under the provisions of this article. The state board shall prescribe rules and regulations for the submission of proposals for pilot programs, the evaluation of such proposals, and other matters necessary for the administration of this subsection.

(3) The eligibility of a district shall not be lost or limited for any school year prior to or subsequent to July 1, 1973, when the actual days of school are or have been reduced to less than the scheduled one hundred eighty days by school closings deemed by a district board to be necessary for the health, safety, or welfare of students.

123-44-4. Attendance entitlement. (1) For the purpose of determining attendance entitlement, the counting period for which districts shall compute average daily attendance and average daily membership shall be the four-week period ending the fourth Friday of October for all pupils regularly enrolled for that four-week period of time, and, for pupils not enrolled for the four-week period ending the fourth Friday of October who are enrolled for a scheduled term of at least one hundred eighty actual days of school at another time during the school year, the counting period shall be a similar four-week period ending approximately two months after the beginning of their regular school program. But in no event shall the attendance or membership for any pupil be counted in more than one four-week period during a regular school year.

(2) The attendance entitlement of a district for any budget year shall be the average daily attendance of the district or ninety-six percent of the average daily membership of the district during the four-week counting period or periods of either the first or the second year next preceding the budget year, whichever is the largest number.

(3) Districts paying tuition for pupils of residence in the district to attend public schools in districts of adjoining states shall also report and be entitled to support for such





pupils on the same basis as under subsections (1) and (2) of this section.

(4) In any case where a district shall be in the process of initiating or discontinuing a pilot program, as provided in section 123-44-3 (2), and procedures set forth in this article for determining the attendance entitlement of the district would deny the inclusion of a segment of pupils in the counting process, the state board shall prescribe the procedure to be used in determining the district's attendance entitlement in a manner which, insofar as is possible, shall be consistent with subsections (1) and (2) of this section.

123-44-5. State equalization program - district support level - state's share. (1) (a) (i) Beginning January 1, 1974, for each budget year, each district eligible under this article shall be entitled to an equalization program support level which shall be as follows:

(ii) For 1974, twenty-five dollars for each pupil of attendance entitlement for each mill levied for the general fund of the district for collection during 1974;

(iii) For 1975, twenty-seven dollars for each pupil of attendance entitlement for each mill levied for the general fund of the district for collection during 1975;

(iv) For 1976, twenty-nine dollars for each pupil of attendance entitlement for each mill levied for the general fund of the district for collection during 1976.

(b) (i) The equalization program support level for 1974, 1975, and 1976, shall be one hundred fifteen percent of the levels specified in paragraph (a) of this subsection for any district wherein all of the following conditions prevail:

(ii) More than fifteen percent of the pupils enrolled in the district are children of families receiving aid for dependent children support or general welfare support;

(iii) The quotient of the average daily membership of the district, as used in determining its attendance entitlement, divided by the number of square miles within the territorial boundaries of the district, is in excess of seven hundred;

(iv) More than three hundred thousand people reside within the territorial boundaries of the district.

(c) For 1977 and thereafter, the general assembly shall annually review and adjust the program support level.

(2) (a) Beginning January 1, 1974, the state of Colorado shall provide during each budget year to each district eligible

under this article the state's share of the equalization program of the district which shall be the equalization program support level of the district for the number of pupils of attendance entitlement for the district and for the number of mills levied for the general fund of the district, less the total amount of revenue which the district is entitled to receive from the property tax levy for the general fund of the district during the budget year, assuming one hundred percent collection of the amount of such levy; however, in no event shall the state's share be less than the following amounts:

(b) For 1974, eight dollars for each pupil of attendance entitlement, multiplied by the number of mills levied for the general fund of the district for collection during 1974;

(c) For 1975, nine dollars for each pupil of attendance entitlement, multiplied by the number of mills levied for the general fund of the district for collection during 1975;

(d) For 1976, ten dollars for each pupil of attendance entitlement, multiplied by the number of mills levied for the general fund of the district for collection during 1976;

(e) For 1977 and thereafter, the general assembly shall annually review and adjust the program support level.

(f) (i) Notwithstanding any other provision of this section, for 1974, the state's share of the equalization program shall be seven hundred fifty dollars per pupil of attendance entitlement, less the amount per pupil of attendance entitlement which the district is entitled to receive from a property tax levy which shall be the number of mills levied for the general fund of the district for collection during 1973, less eighteen mills, for any district wherein both of the following conditions prevail:

(ii) The district is limited to an authorized revenue base per pupil of attendance entitlement of seven hundred fifty dollars, as provided in section 123-44-6;

(iii) The majority of the pupils enrolled in the district reside in a county in which the 1972 per capita adjusted gross income for said county was less than twelve hundred dollars.

123-44-6. Authorized revenue base per pupil of attendance entitlement - limitation. (1) For the 1973 budget year, the revenue base of a school district per pupil of attendance entitlement shall be computed to be the sum of the total amount of property tax revenue which the district is eligible to receive from the levy of the district for its general fund during the budget year, assuming one hundred percent collection of such levy, plus the total amount of equalization support which the district is eligible to receive from the state during the budget



year, pursuant to provisions of the "Public School Foundation Act of 1969", divided by the average daily attendance entitlement of the district which formed the basis for the distribution of state equalization funds to the district during the 1973 budget year.

(2) For subsequent budget years, the "revenue base" per pupil of attendance entitlement in a district for any budget year shall be the sum of the total amount of property tax revenue which the district is eligible to receive from the levy of the district for its general fund during the budget year, assuming one hundred percent collection of such levy, plus the total amount of equalization support which the district is eligible to receive from the state during the budget year pursuant to provisions of this article, divided by the attendance entitlement of the district for the budget year.

(3) For each budget year, the authorized revenue base of a district for each pupil of attendance entitlement shall be determined with reference to the revenue base of such district for each pupil of attendance entitlement for the preceding budget year. For any district wherein the revenue base for the preceding budget year was seven hundred fifty dollars or less, the authorized revenue base for the budget year shall be limited to seven hundred fifty dollars, or one hundred twelve percent of the revenue base of the district for the preceding budget year, whichever is the larger. For any district wherein the revenue base for the preceding budget year was more than seven hundred fifty dollars, the authorized revenue base for the budget year shall be limited to an amount which is a percent of the revenue base for the preceding budget year as determined in accordance with the following table:

| If the revenue base for the preceding budget year was: | The authorized revenue base, per pupil of attendance entitlement, for the budget year shall be the following percent of the revenue base for the preceding budget year: |
|---|---|
| Over $ 750 but not over $ 800 | 112% |
| Over $ 800 but not over $ 850 | 111% |
| Over $ 850 but not over $ 900 | 110% |
| Over $ 900 but not over $ 950 | 109% |
| Over $ 950 but not over $1000 | 108% |
| Over $1000 | 107% |

(4) Except as provided in sections 123-44-7 and 123-44-8, the board of education of a district may not certify a levy

requirement for an amount which, together with the state equalization support the district is eligible to receive during the budget year, shall exceed the district's authorized revenue base multiplied by the district's attendance entitlement for the budget year.

123-44-7. State school district budget review board - authorization of revenue base in excess of limitation. (1) There is hereby created a state school district budget review board which shall consist of the lieutenant governor, who shall be the chairman, the state treasurer, and the chairman of the state board of education. The state commissioner of education shall provide such staff, data, and assistance as may be required by the state school district budget review board for the carrying out of its functions.

(2) (a) If the board of education of a district shall be of the opinion that a revenue base in excess of the authorized revenue base of the district, as determined in accordance with section 123-44-6, is necessary to provide for the needs of the district, the board of education may submit, no later than October 1, to the state school district budget review board for its approval or disapproval, no later than November 1, a request for an increase in the district's authorized revenue base. If such request is not approved or disapproved by November 1, it shall be deemed to have been disapproved. The budget review board shall have authority to approve or disapprove such request, or it may approve an increase in the authorized revenue base in a lesser amount than requested by the district board.

(b) Any increase in the authorized revenue base of the district which may be authorized by the state school district budget review board shall be funded by increasing the property tax levy for the general fund of the district for the ensuing budget year by a sufficient number of mills to provide the increase in revenue so authorized, and the number of mills of such increase shall not be used in determining the equalization support of the district for said budget year.

(3) In the process of making its decisions, the state school district budget review board shall give due consideration to the reduction or elimination of financial resources which the district has relied upon in the past, the programs or conditions in the district which require special consideration, and the need to adequately provide for the educational needs of the pupils enrolled in the district while, at the same time, promoting the concept and desirability of having efficient financial operations in the districts of the state.

(4) (a) No later than September 15 of each year, the state board shall recommend to each district the total amount to be budgeted as anticipated revenue from provisions of Title I of Public Law 81-874 during the ensuing budget year, and a copy of





such recommendations shall be forwarded to the state school district budget review board.

(b) If the amount to be budgeted as anticipated revenue from this source is less than the amount budgeted to be received from this source in the current budget year, the state school district budget review board may approve, upon receipt of a request from the district board of education, an increase in the authorized revenue base of the district for the ensuing budget year sufficient to accommodate the loss of revenue to the district.

(c) If, in any year, the amount received by a district through provisions of Title I of Public Law 81-874 shall exceed the amount budgeted, the excess shall be carried forward to the following budget year.

(5) The general assembly may appropriate, out of available state funds or federal funds available to the state, moneys to supplant or replace federal funds to which eligible school districts of this state would otherwise be entitled under the provisions of Title I of Public Law 81-874 in the event of a reduction or termination of such funds through action of the federal government.

123-44-8. Election to increase authorized revenue base. (1) Effective for the 1975 budget year and each budget year thereafter, if the board of education of a district shall be of the opinion that an authorized revenue base in excess of that approved by the state school district budget review board is necessary to provide for the needs of the district, or if the board of education's request for an increase of its authorized revenue base has not been approved, the board of education may submit to the registered electors of the district, at a special election, the question of whether the authorized revenue base of the district may be increased. At such special election, the question appearing on the ballot shall be substantially as follows:

"Shall the board of education of (Name of school district) be granted authority to increase the authorized revenue base per pupil of attendance entitlement from the amount of $_____, which is the maximum allowable without approval of the registered electors, to $_____. If the increase is approved the total mill levy for the general fund of the school district for (year) will be _____ mills; if the increase is not approved the total mill levy for the general fund of the school district for (year) will be _____ mills."

(2) Any such special school election shall be held on or before the second Tuesday in December, and due notice thereof shall be given once a week for at least two weeks next preceding such election by publication in some newspaper published or

having general circulation within the boundaries of the district, or, if no such newspaper is published or generally circulated, notice of such election shall be given by posting such notice in each school in the district and in the county courthouse for at least two weeks prior to the election.

(3) (a) Except as provided in subsection (2) of this section, any election called pursuant to this article shall be conducted as a special school election under the applicable provisions of article 31 of this chapter insofar as practicable.

(b) All registered electors of the district, as defined in section 123-31-1, C.R.S. 1963, shall be eligible to vote in such election.

(4) If a majority of the votes cast at any such election shall be in favor of the question, the authorized revenue base of the district for the ensuing budget year shall be as so approved by the registered electors of the district, taxes may be levied for the general fund of the district as so approved, but the district shall not be entitled to receive for said budget year state equalization support for the increase in the authorized revenue base so approved. If the majority of the votes cast at any such election shall be against the question, the authorized revenue base of the district for the ensuing budget year shall be as determined under section 123-44-6, or as approved by the state school district budget review board, whichever is larger.

123-44-9. Reports to the state board. (1) On or before November 5 of each year, the property tax administrator shall certify to the state board the valuations for assessment of all taxable property within each county and for each district or portion of a joint district in each county, with the exception of the city and county of Denver, for which the time of certification shall be on or before December 5. The furnishing of certified copies of the board of county commissioners' certification of levies and revenue to the county assessor and the property tax administrator, as provided by section 137-1-11 (2), C.R.S. 1963, shall be considered as having fulfilled the requirement of this section.

(2) (a) On or before November 10 of each year, or on such date or in such manner as the state board deems appropriate for those school districts which operate a pilot program which has been approved by the state board under section 123-44-3 (2), the secretary of the board of education of each district shall certify the following to the state board:

(b) The number of days of school scheduled for regularly enrolled pupils of the district during the current school year;

(c) The number of days of school taught during the four-week period ending the fourth Friday of October in the



current school year, and in other four-week periods as defined in section 123-44-4;

(d) The aggregate of daily attendance, the average daily attendance, the aggregate of daily membership, and the average daily membership of pupils enrolled in the district during the four-week period ending the fourth Friday of October in the current school year, and in other four-week periods as defined in section 123-44-4;

(e) Filing of the certifications required by this subsection (2) shall constitute the acceptance prescribed by section 123-44-3 (1).

(3) On or before February 15 and August 15 of each year, the secretary of the board of education of each district shall file with the state board a semiannual report of the receipts and expenditures of each fund of the district during the six months ending on the December 31 or June 30 next preceding. Information concerning the general fund of the district shall be consistent with the provisions of this article. The report shall contain such additional information as may be specified by the state board.

123-44-10. County public school fund. (1) There is hereby created in the office of the county treasurer of each county a continuing fund to be known as the county public school fund, into which fund shall be paid the proceeds of all county school moneys.

(2) Each district in the county shall be entitled to receive distribution during a budget year of moneys in the county public school fund in the proportion that its attendance entitlement in the county is of the aggregate of the attendance entitlements of all districts in the county.

(3) The state board shall determine the proportionate part of the county public school fund to be paid during the budget year to each district in the county, and on or before December 31 of each year, shall certify such determination to the county treasurer. The proportions so certified shall be the basis upon which the moneys in the fund shall be distributed during the ensuing budget year. At the end of each month during such year, the county treasurer shall credit or pay over the proper proportions of the moneys in the fund to the general funds of the districts in the county.

(4) For the purpose of determination and certification by the state board, and distribution of moneys in the fund, the attendance entitlement of a joint district shall be apportioned and assigned to the portion of the district in each county having territory in the district in the same proportion as the portion of the district's attendance entitlement attributable to pupils

resident in each county bears to the total attendance entitlement of the joint district. The secretary of the board of education of each joint district shall certify to the state board the required information applicable to each county.

123-44-11. State public school fund. (1) There is hereby created in the office of the state treasurer a fund to be known as the state public school fund. There shall be credited to said fund the net balance of the public school income fund existing as of December 31, 1973, and all distributions from the state public school income fund thereafter made, the state's share of all moneys received from the federal government pursuant to the provisions of section 100-8-2, C.R.S. 1963, and such additional moneys as shall be appropriated by the general assembly which are necessary to meet the total state's share of equalization support, contingency reserve, and small attendance centers.

(2) No later than the first day of December of each year, or on such date or in such manner as the state board deems appropriate for those school districts which operate a pilot program which has been approved by the state board under section 123-44-3 (2), the state board shall determine the estimated requirements to provide each eligible district the amount it is eligible to receive from the state during the next ensuing fiscal year of the state. Such amount shall not be greater than the amount a school district would have received had it not implemented a pilot program under section 123-44-3 (2). The appropriation by the general assembly shall be based on the requirements necessary to provide all eligible districts the amounts they are each entitled to receive from the state, pursuant to the provisions of this article, during the next ensuing fiscal year of the state.

(3) Any unexpended balance of moneys appropriated by the general assembly in the state public school fund at the end of each fiscal year shall revert to the general fund, but any balances derived from other sources shall remain in said state public school fund and become available for distribution during the following fiscal year.

123-44-12. Distributions from state public school fund. (1) No later than the thirty-first day of December of each year, the state board shall determine the amount of the state's share of the equalization program for each eligible district for the ensuing budget year, and the total thereof for all districts, which amount shall be payable in twelve approximately equal monthly payments during such budget year.

(2) No later than the fifteenth day of each month, the state board shall certify to the state treasurer the amount payable to each eligible district during said month, and shall at the same time advise the state treasurer which districts have elected under the law to withdraw their funds from the custody of





the county treasurer.

(3) No later than the twenty-fifth day of each month, the state treasurer shall pay the amount certified directly to the respective treasurers of those districts which have elected under law to withdraw their funds from the custody of the county treasurer, and for all other districts to the respective county treasurers, who shall forthwith credit to the general fund of each such district in his county the amount to which each such district is entitled.

(4) The state board shall take care to avoid overpayment of state moneys. If it be determined that any district has been overpaid in any month, the state board shall adjust the next following monthly payment or payments to such district so as to recover the amount overpaid. In the event that an overpayment cannot be so recovered, the amount thereof shall be refunded to the state public school fund by the district receiving the same.

(5) Should the amount of the appropriation made by the general assembly be less than the total amount determined to be the state's actual share of the total amount of the support levels of all eligible districts, then the amount to be distributed to each district shall be in the same proportion as the amount of the appropriation made bears to such total amount determined to be the state's actual share.

123-44-13. Small attendance centers. (1) Any district eligible to receive state equalization support funds and which operates one or more elementary or secondary school attendance centers with fewer than one hundred seventy-five pupils enrolled, for which equalization support is provided pursuant to the provisions of this article, shall be entitled to receive additional state support for the operation of each of such small attendance centers if such small attendance centers are located twenty or more miles from any similar center, or, in the case of any district organized under either article 8 of chapter 123, CRS 1953, or article 25 of chapter 123, C.R.S. 1963, if such small attendance centers are located twenty or more miles from a similar attendance center in the same district.

(2) (a) The number of bonus pupils for which an eligible district shall be entitled to receive small attendance center support shall be computed in the following manner:

(b) The average entitlement of the district for pupils enrolled in each of such small attendance centers, as determined through application of the provisions of section 123-44-4, computed to the nearest one-tenth whole number, shall be multiplied by the corresponding "factor" in the following table:

| Elementary (Grades 1-6 or 1-8) | | | Secondary (Grades 7-12 or 9-12) | | |
|---|---|---|---|---|---|
| Attendance Entitlement | Factor | Maximum Allowed | Attendance Entitlement | Factor | Maximum Allowed |
| 0 - 20 | Allow 24 | 24 | 0 - 25 | 2.0 | 40 |
| 20.1- 50 | 1.2 | 55 | 25.1- 50 | 1.6 | 75 |
| 50.1- 80 | 1.1 | 84 | 50.1- 75 | 1.5 | 105 |
| 80.1-115 | 1.05 | 120 | 75.1-125 | 1.4 | 150 |
| 115.1-150 | 1.04 | 150 | 125.1-150 | 1.2 | 165 |
| | | | 150.1-175 | 1.1 | 175 |

(c) If the resulting product is greater than the "maximum allowed", as set forth in the table, the number shall be reduced to the "maximum allowed".

(d) From such number shall be subtracted the attendance entitlement of the district for pupils enrolled in each such small attendance center, and the resulting number, to the nearest one-tenth whole number, shall constitute the district's bonus pupils and shall be the basis for determining the district's entitlement to receive additional state support for the operation of each such small attendance center.

(3) Certification of information required under section 123-44-9 (2) for each eligible small attendance center shall constitute a district's application for payment under provisions of this section.

(4) (a) (i) Effective January 1, 1974, on or before the first day of December of each budget year, each eligible district shall be entitled to receive an additional amount from the state equal to the revenue base per pupil of attendance entitlement for that budget year multiplied by the number of bonus pupils for which the district is entitled to receive additional support, or, if it be a lesser amount, an additional amount equal to:

(ii) For 1974, twenty-five dollars for each bonus pupil multiplied by the number of mills levied for the general fund of the district for collection during 1974;

(iii) For 1975, twenty-seven dollars for each bonus pupil multiplied by the number of mills levied for the general fund of the district for collection during 1975;

(iv) For 1976, twenty-nine dollars for each bonus pupil multiplied by the number of mills levied for the general fund of



the district for collection during 1976.

(b) (i) Whenever a district which would otherwise be entitled to receive additional support under the provisions of this section is reorganized, dissolved and annexed, or detached and annexed pursuant to article 25 of chapter 123 prior to January 1, 1974, and the new or annexing district includes a small attendance center which was located, prior to the reorganization or annexation, twenty or more miles from a similar center in the same district but is now located less than twenty miles from a similar center in the new or annexing district, such new or annexing district shall nevertheless be entitled to receive such additional support on the following basis:

(ii) For the first budget year following the effective date of the reorganization or annexation, one hundred percent of the additional support funds to which the district would be entitled except for the reorganization or annexation;

(iii) For the second budget year following the effective date of the reorganization or annexation, seventy-five percent of such additional support funds;

(iv) For the third budget year following the effective date of the reorganization or annexation, fifty percent of such additional support funds;

(v) For the fourth budget year following the effective date of the reorganization or annexation, twenty-five percent of such additional support funds;

(vi) For the fifth year following the effective date of the reorganization or annexation and for each year thereafter, no additional support funds;

(vii) Effective January 1, 1978, paragraph (b) of this subsection (4) is repealed.

(5) The general assembly shall annually make a separate appropriation to the state public school fund to cover the state's share of the estimated cost of additional support to be provided districts pursuant to the provisions of this section. Should the amount of the appropriation made be less than the total amount determined to be the state's actual share of support to be provided all eligible districts pursuant to the provisions of this section, then the amount to be distributed to any district shall be in the same proportion as the amount of the appropriation made bears to such total amount determined to be the state's actual share. Any unexpended balance of the appropriation shall revert to the general fund at the end of the state's fiscal year.

(6) Upon determination of the amount to be paid to each

eligible district, the state board shall, by order upon the state treasurer, direct payment of such amount to the treasurer of any district which has elected under law to withdraw its funds from the custody of the county treasurer or, in any other case, to the treasurer of the county in which the district is located, who shall forthwith credit or pay over such amount to the general fund of each said district.

123-44-14. Contingency reserve. (1) (a) An amount to be determined by the general assembly shall be appropriated annually to the state public school fund as a contingency reserve. The state board is authorized and empowered to approve and order payments from such contingency reserve for supplemental assistance to districts determined to be in need thereof as the result of any or all of the following circumstances:

(b) Financial emergencies caused by an act of God, or financial emergencies arising from extraordinary problems in the collection of taxes;

(c) Any contingency which could not have been reasonably foreseen at the time of the adoption of the annual budget;

(d) Unusual circumstances resulting from small attendance conditions not otherwise provided for in this article. Small attendance shall be that maximum number of pupils in attendance as determined pursuant to section 123-44-13.

(e) Unusual financial burden caused by instruction of children who formerly resided outside the district but have been assigned to live within the district by courts or public welfare agencies. Such supplemental assistance shall not exceed the additional cost for current operations incurred by this circumstance.

(2) Application by a district for supplemental assistance shall set forth fully the grounds upon which it relies for assistance and shall be sworn to under oath by the president and secretary of the district board of the district.

(3) The state board shall conduct such investigation as it shall deem proper, and if it finds that an application should be approved, it shall determine the amount to be paid and, by order upon the state treasurer, shall direct payment from the contingency reserve of such amount to the treasurer of any district which has elected under law to withdraw its funds from the custody of the county treasurer or, in any other case, to the treasurer of the county in which the district is located, who shall forthwith credit or pay over such amount to the general fund of the district.

(4) Notwithstanding the provisions of subsection (1) of this section, concerning circumstances under which the state





board may approve and order payments from the contingency reserve, the state board may, in cases of extreme emergency, take into consideration such other factors as it may deem necessary and proper in granting supplemental assistance from the contingency reserve to those districts which could not maintain their schools without such additional financial assistance.

(5) Any unexpended balance in the contingency reserve at the end of each fiscal year shall revert to the state general fund.

123-44-15. Joint districts. (1) The board of education of a joint district shall determine the location of its administrative headquarters and shall notify both the state board and the treasurer of each county in which any territory of such joint district is situated of such location.

(2) Allocation of moneys in the county public school fund to a joint district partially situated in a county shall be made on the basis set forth in section 123-44-10.

(3) All moneys collected under this article by the county treasurer of a county in which part of a joint district is situated shall be credited to such joint district and at the end of each month shall be paid over by him to the treasurer of the county in which the administrative headquarters of such joint district is located and forthwith credited or paid over to the general fund of such joint district. The treasurer of the county in which the administrative headquarters of the joint district is located shall make no charge for collection of moneys transferred to him from other counties. Warrants of a joint district shall be drawn only upon the treasurer of the county in which its administrative headquarters is located in those cases where a district has not elected under law to withdraw its funds from the custody of the county treasurer.

123-44-16. General provisions. (1) The county treasurer shall charge a collection fee of one-half of one percent upon moneys collected for or distributed by him to any eligible district located in whole or in part in his county from taxes levied for the general fund of the district. No fee shall be charged on those revenues available to the district as described in section 123-44-5 or on moneys received and distributed to the district pursuant to provisions of sections 123-44-12, 123-44-13, and 123-44-14.

(2) Nothing contained in this article shall affect or limit the authority of any district to make such other tax levies as are provided by law.

(3) Nothing contained in this article shall in any manner affect the rights of districts to moneys allowable or payable to such districts under the provisions of other laws.

123-44-17. Rules and regulations. (1) The state board shall make reasonable rules and regulations necessary for the administration and enforcement of this article.

(2) All reports and certifications required from secretaries of boards of education pursuant to the provisions of this article shall be made in such manner and form as may be prescribed by the state board.

SECTION 2. 123-18-7 (3), Colorado Revised Statutes 1963 (1967 Supp.), as amended by House Bill No. 1029, enacted at the First Regular Session of the Forty-ninth General Assembly and approved by the Governor on March 29, 1973, is amended to read:

123-18-7. Employment contracts - written. (3) Every employment contract hereafter executed pursuant to subsection (1) of this section shall contain a damages provision. Pursuant to said provision a teacher or chief administrative officer shall agree to pay damages to the school district, and the board thereof shall be authorized to collect or withhold damages from compensation due or payable to said teacher or chief administrative officer in an amount up to and including one-twelfth of the annual salary specified in said employment contract. Said damages shall be paid by the teacher or chief administrative officer or withheld from his salary if the teacher or chief administrative officer abandons, breaches, or otherwise refuses to perform services for said school district pursuant to the contract, unless the teacher or chief administrative officer has given written notice to the board of education thereof on or before July 15 that he will not fulfill the obligations of his contract during the succeeding academic year (or, if a school district operates a pilot program approved by the state board of education under section ~~123-38-5--(4)~~ 123-44-3 (2), **then** said notice shall be given to the board not less than forty-five days before the commencement of services under the employment contract) or after the beginning of the academic year, unless the teacher has given at least thirty days' written notice to the board thereof during the academic year to the effect that he wishes to be relieved of his contract for the remainder of the year as of a certain date. Said damages shall not exceed ordinary and necessary expenses of a board of education to secure the services of a suitable replacement teacher or chief administrative officer.

SECTION 3. 123-18-10, Colorado Revised Statutes 1963 (1967 Supp.), as amended by House Bill No. 1029, enacted at the First Regular Session of the Forty-ninth General Assembly and approved by the Governor on March 29, 1973, is amended to read:

123-18-10. Automatic reemployment. A teacher employed by a school district on a full-time basis who has not acquired tenure shall be deemed to be reemployed for the succeeding academic year at the salary which he would be entitled to receive under the



general salary schedule unless the board thereof shall cause written notice to the contrary to be given to said teacher on or before April 15 of the academic year during which said teacher is employed (or, if a school district operates a pilot program approved by the state board of education under section ~~123-38-5 (4)~~ 123-44-3 (2), **then** said notice must be given to the teacher not less than forty-five days before the termination of the employment; but any such reemployment shall be understood to be for the regular school year unless agreed otherwise). Said teacher shall be presumed to have accepted such employment for the succeeding academic year unless he shall cause written notice to the contrary to be given to said board on or before said April 15 (or, if the district operates a pilot program approved by the state board of education under section ~~123-38-5-(4)~~ 123-44-3 (2), such notice shall be given to said board not less than forty-five days before the termination of the employment contract).

SECTION 4. 123-18-12 (1), Colorado Revised Statutes 1963 (1971 Supp.), as amended by House Bill No. 1029, enacted at the First Regular Session of the Forty-ninth General Assembly and approved by the Governor on March 29, 1973, is amended to read:

123-18-12. Tenure - required service. (1) Except as otherwise provided in subsection (2) of this section, any teacher employed as a teacher in the same school district, including the time prior to and after July 1, 1967, continuously and without interruption for three full academic years and who was or shall thereafter be reemployed for the fourth academic year immediately succeeding in such school district shall have tenure as a teacher in such school district, without further action on the part of the board or the teacher, during efficiency and good behavior and continuous employment. A teacher employed as a teacher in a pilot program approved by the state board of education under section ~~123-38-5-(4~~ 123-44-3 (2) is deemed to be employed for an academic year if he performs services for the minimum period during which a pupil must be enrolled in any twelve-month period. No teacher who performs services as a teacher in an approved pilot program for more than the minimum period during which a pupil must be enrolled in any twelve-month period shall be denied credit for such services for the purposes of obtaining tenure, but no such credit for tenure purposes shall be interpreted to shorten the period of three full academic years required by this section for the awarding of tenure. The employment of any teacher employed as a teacher in such a pilot program for such minimum period in successive twelve-month periods shall be deemed continuous. The above provisions of this subsection (1) notwithstanding, a teacher employed after the first day of the academic year shall be deemed to have served the first full academic year if the period of continuous and uninterrupted employment during that year shall include the last ninety school days of the academic year. Such tenure shall be effective upon the first day of performance of services by said teacher of the fourth academic year. Sections 123-18-12 to 123-18-17 shall not

apply to a person who holds only a letter of authorization; a chief executive officer of a school district; a part-time teacher; a substitute teacher; or any teacher who ~~shall have~~ HAS attained the age of sixty-five years. In no event shall tenure be withheld if the teacher meets the requirements set forth in this subsection (1).

SECTION 5. 123-20-2 (6), Colorado Revised Statutes 1963 (1965 Supp.), as amended by House Bill No. 1029, enacted at the First Regular Session of the Forty-ninth General Assembly and approved by the Governor on March 29, 1973, is amended to read:

123-20-2. Definitions. (6) "Academic year" means that portion of the school year during which the public schools are in regular session, beginning about the first week in September and ending about the first week in June next following, or that portion of the school year which constitutes the minimum period during which a pupil must be enrolled in a pilot program approved by the state board under section ~~123-38-5-(4)~~ 123-44-3 (2).

SECTION 6. 123-20-5 (1), Colorado Revised Statutes 1963, as amended by House Bill No. 1029, enacted at the First Regular Session of the Forty-ninth General Assembly and approved by the Governor on March 29, 1973, is amended to read:

123-20-5. Compulsory school attendance. (1) Every child who has attained the age of seven years and is under the age of sixteen YEARS, except as provided by this section, shall attend public school for at least one hundred seventy-two days during each school year, or for the specified number of days in a pilot program which has been approved by the state board under section ~~123-38-5-(4)~~ 123-44-3 (2).

SECTION 7. 123-30-9 (15), Colorado Revised Statutes 1963 (1965 Supp.), as amended by House Bill No. 1029, enacted at the First Regular Session of the Forty-ninth General Assembly and approved by the Governor on March 29, 1973, is amended to read:

123-30-9. Board of education - specific duties. (15) To determine, prior to the end of a school year, the length of time during which the schools of the district shall be in session during the next following school year, but in no event shall said schools be in session for less than one hundred seventy-two days during such following school year, or for the specified number of days in a pilot program which has been approved by the state board of education under section ~~123-38-5-(4)~~ 123-44-3 (2).

SECTION 8. 146-4-1 (1) (d), Colorado Revised Statutes 1963 (1971 Supp.), is REPEALED AND REENACTED, WITH AMENDMENTS, to read:

146-4-1. School districts conducting vocational education courses - eligibility for state funds. (1) (d) The state shall





provide, as vocational education program support, fifty percent of the approved vocational education program cost per full-time equivalent student. At no time shall the combined state support to the school district under any school finance act plus the district's vocational education program support under this paragraph (d) exceed ninety percent of the school district's vocational education costs, and in no case shall the local school district contribution per full-time equivalent student under these provisions be less than the amount raised per pupil in attendance entitlement in the district by the levy for the school district's general fund.

SECTION 9. 146-4-4 (1), Colorado Revised Statutes 1963, as amended by section 1 of chapter 104, Session Laws of Colorado 1972, is amended to read:

146-4-4. Effective period of article - reports. (1) This article, AS AMENDED, shall be effective ~~from~~ ON ~~July~~ JANUARY 1, ~~1978~~, 1974, and thereafter until the general assembly shall provide otherwise by law.

SECTION 10. Appropriation. In addition to any other appropriation, there is hereby appropriated out of any moneys in the state treasury not otherwise appropriated, to the department of education, for the fiscal year beginning July 1, 1973, the sum of one hundred eighty-nine thousand three hundred dollars ($189,300), or so much thereof as may be necessary, to provide for deficiencies in amounts raised per pupil in average daily attendance entitlement in a school district under its levy for the general fund of the school district for the calendar year 1973 as a result of the provisions of this act, to be distributed per entitlement to community centers for the retarded and seriously handicapped pursuant to section 71-8-2, C.R.S. 1963.

SECTION 11. Repeal - saving clause. 146-4-1 (1) (c), Colorado Revised Statutes 1963 (1971 Supp.), is repealed. Article 38 of chapter 123, Colorado Revised Statutes 1963, as amended, is repealed, effective December 31, 1973, but such repeal shall not affect the distribution of funds appropriated by the general assembly pursuant to law in effect immediately prior to such date.

SECTION 12. Appropriation. In addition to any other appropriation, there is hereby appropriated out of any moneys in the state treasury not otherwise appropriated, to the department of education, for the fiscal year beginning July 1, 1973, the sum of sixty-six million eight hundred eighteen thousand eight hundred thirty-two dollars ($66,818,832), or so much thereof as may be necessary for the implementation of this act.

SECTION 13. Effective date. This act shall take effect July 1, 1973.

SECTION 14. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

John D. Puhr
SPEAKER OF THE HOUSE
OF REPRESENTATIVES

John D. Vanderhoof
PRESIDENT
OF THE SENATE

Lorraine F. Lombardi
CHIEF CLERK OF THE HOUSE
OF REPRESENTATIVES

Comfort W. Shaw
SECRETARY OF
THE SENATE

APPROVED _____

John A. Love
GOVERNOR OF THE STATE OF COLORADO

RE-ENGROSSED

CS/HB 734

A bill to be entitled

An act relating to education; providing definitions; establishing the Florida educational finance program; providing for current operation allocations; providing for district required local effort; providing for transportation allocations; providing for comprehensive school construction and debt service allocations; providing for the state share of the Florida educational finance program; establishing a no-loss guarantee; providing an instruction unit definition for allocation of capital outlay and debt service funds; amending §§236.02, 236.04, 236.07 and 236.13, 1972 Supplement to Florida Statutes; repealing §236.01, Florida Statutes, §§236.03, 236.05, 236.08 and 236.09, 1972 Supplement to Florida Statutes, and Chapter 72-283, Laws of Florida; deleting conflicts and amending inconsistencies in existing law; amending sections 228.041(19) to include a definition of exceptional students; establishing a management information system; defining non-exempt property for school purposes; amending section 230.23(4)(m) by adding duties to the school board relating to exceptional students; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

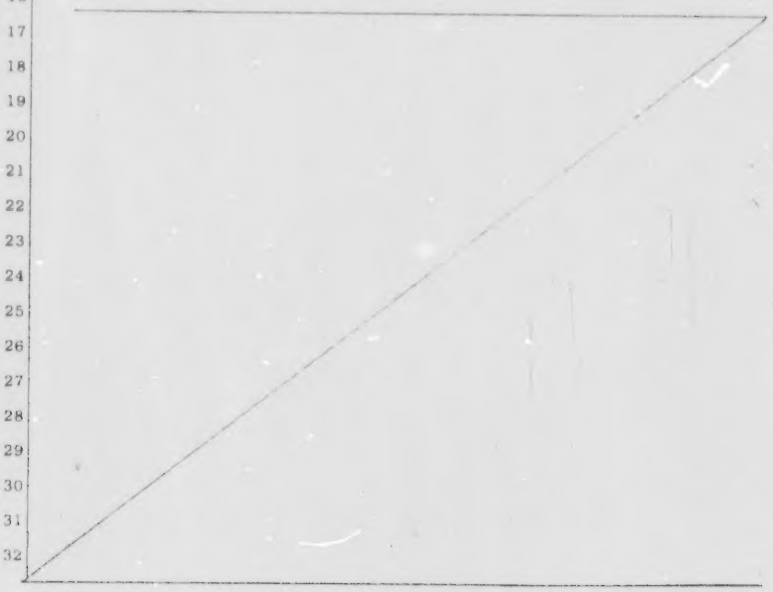
Section 1. Short title.--This act shall be known and may be cited as "The Florida Education Finance Act of 1973."

Section 2. Intent.--The intent of the legislature is:

(1) To guarantee to each student in the Florida public school system the availability of programs and services appropriate to his educational needs, which are substantially equal to those available to any similar student, notwithstanding geographic differences and varying local economic factors; and

(2) To increase the authority and responsibility of districts for deciding matters of instructional organization and method, and to encourage district initiative in seeking more effective and efficient means of achieving the goals of the various programs; and

(3) To assume a greater share of the responsibility for state funding of school construction by providing a systematic plan whereby each district will be able to meet the increasing needs for satisfactory school facilities for all students, and to maximize the availability of satisfactory student stations to meet



the current and projected needs of the districts and to remove the necessity of involuntary multiple daily sessions; and

(4) To encourage innovations in school design, construction techniques and financing mechanisms for the purposes of reducing costs and creating a more satisfactory environment for learning, and to direct the department to continue the study of developments in the building industry, including the latest developments in construction methods and materials, in design, and in concepts such as turn-key bidding, prefabricated construction, modular relocatable units, and standardized components; and

(5) To facilitate a more thorough analysis of the state's financial support of public education and to provide a more accurate basis for educational management.

Section 3. Definitions.--Notwithstanding the provisions of §228.04, Florida Statutes, the following terms shall be defined as follows for the purpose of this act:

(1) Bonded indebtedness is the total outstanding bonds issued by the individual districts which are to be amortized by ad valorem tax levy.

(3) District housing index is the relationship between the number of students to be housed and the number of student stations required to adequately house such students.

(3) A full-time equivalent student in each program of the district is defined in terms of full-time students and part-time students as follows:

(a) A full time student is one student on the membership roll of one school program or a combination of school programs listed under the cost factors in section 4(1)(c) of this act for:

1. Five (5) school days or the equivalent, in a standard school, comprising not less than twenty-five (25) net hours for students in or at the grade level of four (4) through twelve (12) and adult; or not less than twenty (20) net hours for students in or at the grade level of kindergarten through grade three (3), or

2. Five (5) school days or the equivalent, in a double session school, comprising not less than twenty-two and one-half (22½) net hours in grades four (4) through twelve (12) or not less than seventeen and one-half (17½) net hours in kindergarten through grade three (3).

(b) A part-time student is a student on the active membership roll of a school program or combination of school programs listed in section 4(1)(c) of this act who is less than a full-time student.

(c) A full-time equivalent student is:

1. A full-time student in any one of the programs listed under the cost factors in section 4(1)(c) of this act; or

2. A combination of full-time or part-time students in any one of the programs listed under the cost factors in section 4(1)(c) of this act which is the equivalent of one full-time student based on the following calculations:

a. A full-time student in a combination of programs listed under the cost factors in section 4(1)(c) of this act shall be a fraction of a full-time equivalent membership in each special program equal to the number of net hours per week for which he is a member divided by twenty-five (25); the difference between that fraction or sum of fractions and twenty-five twenty-fifths (25/25) of the week for each full-time student shall be presumed to be the balance of the student's time not spent in said special education programs and shall be recorded as time in the appropriate basic program.

b. A student in the basic half-day kindergarten program of not less than twelve and one-half (12½) net hours shall earn one-half (½) of a full-time equivalent membership.

c. A half-day kindergarten student in a combination of programs listed under the cost factors in section 4(1)(c) of this act shall be a fraction of a full-time equivalent membership in each special program equal to the number of net hours or major portion thereof per week for which he is a member divided by twenty-five (25); the difference between that fraction and twelve and one-half (12½) twenty-fifths of the week for each full-time student in membership in a half-day kindergarten program shall be presumed to be the balance of the student's time not spent in said special education programs and shall be recorded as time in the appropriate basic program.

d. A part-time student shall be a fraction of a full-time equivalent membership in each basic and special program equal to the number of net hours or major fraction thereof per week for which he is a member divided by twenty-five (25); or

3. A student in membership in a program scheduled for more or less than one hundred eighty (180) school days shall be a fraction of a full-time equivalent membership equal to the number of days more or less in proportion thereto times the applicable computations set forth in subparagraph 1 and 2 of this paragraph, provided however, the department shall determine an equitable method of equivalent funding for experimental school as approved by the department.



(4) Improved educational environment is the improvements to existing school facilities such as altering, remodeling improving, renovating or repairing which are necessary to attain the uniform student station standards.

(5) A relocatable is a school facility designed to be moved to a different site and continued in use as a school facility.

(6) A satisfactory school facility is a facility which has been recommended for continued use by a school plant survey.

(7) School facilities are the buildings and equipment that are built, installed, or established to serve school purposes which may lawfully be used.

(8) The school plant comprises all the physical features incident to or necessary to accommodate students and teachers and the activities of the educational program of each school.

(9) A school plant survey is a statewide systematic study of present school plant facilities and the determination of future needs of a district to provide an appropriate educational program for each student conducted by or approved by the department.

(10) For the purpose of calculating the current operation program, a student is in membership until he withdraws or until the close of the sixth (6) consecutive school day of his absence, whichever comes first.

(11) A student station is the appropriate area and environment necessary for a student to engage in educational learning activities appropriate to his needs as determined by uniform standards promulgated by the department.

(12) Unhoused pupils are the actual or projected students in average daily membership that are in excess of the existing student stations in the district.

(13) A utilization factor is the ratio between the total number of student stations and the rated number of students that can be housed in that facility.

Section 4. Funds for current operation of schools.--The annual allocation from the Florida education finance program to each district for current operation of schools shall be determined as follows;

(1) Computation of the basic amount to be included for current operation.--The following procedure shall be followed in determining the annual allocation to each district for current operation:

(a) Determination of full-time equivalent membership.--During each of several school weeks during the fiscal year a program membership survey of each school shall be made by each district by aggregating the full-time equivalent student membership of each program by school and by district. The department shall establish the number and interval of membership calculations; provided that for basic and special programs such calculations shall not exceed nine (9) for any fiscal year. The district's full-time equivalent membership shall be computed and currently maintained in accordance with regulations of the state board.

(b) Determination of base student cost.--The base student cost shall be determined annually by the legislature.



(c) Determination of programs.--Cost factors based on desired relative cost differences between the following programs are hereby established; provided, however, the application of cost factors in special programs for exceptional students identified by the roman numeral one (I) shall be limited to a maximum of seven twenty-fifths (7/25) of a student membership in a given program during a week. The criteria for qualification for the special programs shall be determined by regulations of the state board. Cost factors for special programs for exceptional students under the minimum age for enrollment in kindergarten will be used to fund programs approved by the department as provided by law.

| | Basic Programs | Cost Factor |
|---|---|---|
| 1 | Kindergarten and grades 1, 2 and 3 | 1.20 |
| 2 | Grades 4, 5, 6, 7, 8, 9, and 10 | 1.00 |
| 3 | Grades 11 and 12 | 1.10 |
| | Special Programs for Exceptional Students | |
| 10 | Educable mentally retarded | 2.30 |
| 11 | Trainable mentally retarded | 3.00 |
| 12 | Physically handicapped | 3.50 |
| 13 | Physical and occupational therapy I | 6.00 |
| 14 | Speech therapy I | 10.00 |
| 15 | Deaf | 4.00 |
| 16 | Visually handicapped I | 10.00 |
| 17 | Visually handicapped | 3.50 |
| 18 | Emotionally disturbed I | 7.50 |
| 19 | Emotionally disturbed | 3.70 |

| | Basic Programs | Cost Factor |
|---|---|---|
| 20 | Socially maladjusted | 2.30 |
| 21 | Specific learning disability I | 7.50 |
| 22 | Specific learning disability | 2.30 |
| 23 | Gifted I | 3.00 |
| 24 | Hospital and homebound 1 | 15.00 |
| | Special Vocational-Technical Programs | |
| 30 | Vocational education I | 4.26 |
| 31 | Vocational education II | 2.64 |
| 32 | Vocational education III | 2.18 |
| 33 | Vocational education IV | 1.69 |
| 34 | Vocational education V | 1.40 |
| 35 | Vocational education VI | 1.17 |
| | Special Adult General Education Programs | |
| 40 | Adult basic education and adult high school | 1.60 |
| 41 | Community service | 1.30 |

(d) Determination of the basic amount for current operation.--The basic amount for current operation to be included in the Florida education finance program for each district shall be the product of the following:

1. The full-time equivalent student membership in each program, multiplied by

2. The cost factor for each program, multiplied by

3. The base student cost figure.

(2) Computation of compensatory education supplemental cost factor.--A supplement to the base student cost shall be added to all full-time equivalent students in basic programs qualifying for compensatory education in accordance with criteria, including low achievement test scores, socio-economic level and low standard English comprehension level, established by regulations of the state board. Such regulations shall be designed to maintain consistency with applicable federal law and regulations so as to prevent impairment, interruption, or loss of any federal funds allocated to the state for compensatory education of public school students. For the 1973-74 fiscal year a supplement of five hundredths (.05) multiplied by the base student cost for one full-time equivalent student shall be earned for each qualifying student in grades kindergarten through twelve.

(3) Computation of ad valorem tax equalization.--For the 1973-74 fiscal year, each district in which the yield of each mill of tax for current operation purposes levied in the preceding year at ninety-five (95) percent of one hundred (100) percent of the non-exempt assessed valuation excluding additional homestead exemptions as authorized by Chapter 71-309, Laws of Florida, based on the 1973 calendar year non-exempt assessed valuation excluding the additional homestead exemptions as authorized by Chapter 71-309, Laws of Florida, divided by the full-time equivalent student membership of said district, is less than seven (7) percent of the base student cost, shall be entitled to an amount equal to the difference between the yield for each full-time equivalent student of each mill or fraction thereof levied at or in excess of eight (8) mills, but not over ten (10) mills, and seven (7) percent of the base student cost. For each fiscal year thereafter, such computation shall be as above except computed on eight (8) percent of the basc student cost and on the previous year's non-exempt assessed valuation excluding additional homestead exemptions as authorized by Chapter 71-309, Laws of Florida.

(4) Determination of cost of living factors.--The cost of living factors shall be determined by the legislature. The

state board shall annually recommend to the legislature, based upon the most recent study by the department of administration, a list of districts and factors. For the 1973-74 fiscal year, the cost of living factors listed below shall be altered as follows: the factor of 1.10 shall be 1.09; the factor of 1.07 shall be 1.063; the factor of 1.00 shall remain 1.00; the factor of .96 shall be .964; and the factor of .90 shall be .91.

| DISTRICT | COST-OF-LIVING FACTOR |
|---|---|
| Dade | 1.10 |
| Broward | 1.07 |
| Palm Beach | 1.07 |
| Alachua | 1.00 |
| Collier | 1.00 |
| Duval | 1.00 |
| Leon | 1.00 |
| Monroe | 1.00 |
| Orange | 1.00 |
| Pinellas | 1.00 |
| Sarasota | 1.00 |
| Bay | .96 |
| Brevard | .96 |
| Clay | .96 |
| Escambia | .96 |
| Hillsborough | .96 |
| Okaloosa | .96 |
| Polk | .96 |
| St. Johns | .96 |
| Santa Rosa | .96 |
| Seminole | .96 |
| Volusia | .96 |
| All Other Districts | .90 |



For subsequent years the above factors shall apply, unless modified by the legislature.

(5) Computation of district required local effort.-- The amount that each district shall provide toward the cost of the Florida education finance program shall be calculated as follows:

(a) For the 1973-74 fiscal year the aggregate required local effort for all districts shall be three hundred twenty-four million dollars ($324,000,000), and of this amount each district's required local effort shall be computed as follows:

1. Determine separately for each district and for all districts collectively the value of non-exempt assessed valuation excluding the total value of additional homestead exemptions authorized in Chapter 71-309, Laws of Florida, as shown on the 1973 calendar year tax roll, and

2. Determine for each district that district's percentage of the state total computed in subparagraph 1, and

3. Multiply the aggregate required local effort as set forth in this subsection by each district's percentage as determined in subparagraph 2, and the product shall be the individual district's required local effort for the 1973-74 fiscal year.

(b) Beginning with the 1974-75 fiscal year and every year thereafter the required local effort shall be seven (7) mills of tax levied on ninety-five (95) percent of one hundred (100) percent of the non-exempt assessed valuation of that district excluding additional homestead exemptions as authorized by Chapter 71-309, Laws of Florida, for the preceding calendar year as certified or deemed acceptable by the department of revenue.

(6) Total allocation of state funds to each district for current operation.--The total annual state allocation to each district for current operation shall be determined as follows:

(a) Obtain the sum of:

1. The basic amount for current operation as determined in subsection (1) of this section plus the amount for compensatory education supplemental cost as determined in subsection (2) of this section, multiplied by a cost of living factor as determined in subsection (4) of this section, less the required local effort as determined in subsection (5) of this section; and

2. Any entitlement to ad valorem tax equalization funds as determined in subsection (3) of this section.

(b) The amount thus obtained shall represent the net annual state allocation to each district; provided that, notwithstanding any of the provisions herein, each district shall be guaranteed a minimum level of funding for the 1973-74 fiscal year in the amount and manner prescribed below:

1. The department shall determine the average unit value for the 1972-73 fiscal year for each district as follows: divide the total number of instruction units included in the 1972-73 Florida minimum foundation program into the sum of the actual cost of the state's share of the Florida minimum foundation program for instructional salaries, current expense and transportation, plus the calculated amount from a ten (10) mill tax levy which could have been collected on ninety-five (95) percent of one hundred (100) percent of the 1972 calendar year non-exempt assessed valuation of the district excluding additional homestead exemptions as authorized by chapter 71-309, Laws of Florida.



2. The average unit value determined in subparagraph 1 of this paragraph shall be increased by five (5) percent.

3. The amount determined in subparagraph 2 of this paragraph shall be multiplied by the number of instruction units that would have accrued in a 1973-74 Florida minimum foundation program.

4. The amount determined in subparagraph 3 of this paragraph shall be the minimum level of funding for each district for the 1973-74 fiscal year. Such amount shall include the following: the state's share of the Florida education finance program, excluding school construction and debt service funds, excluding the amount allocated from the state to replace the district school tax loss resulting from the additional homestead exemptions provided in Chapter 71-309, Laws of Florida, plus the calculated amount from a ten (10) mill tax levied on ninety-five (95) percent of one hundred (100) percent of the 1973 calendar year non-exempt assessed valuation of the district excluding additional homestead exemptions as authorized by Chapter 71-309, Laws of Florida.

5. In any district in which the amount determined in subparagraph 3 of this paragraph does not equal or exceed the sources specified in subparagraph 4 of this paragraph the state share of this total shall be increased in an amount sufficient to assure that each district receives the amount determined in subparagraph 3 of this paragraph.

(c) The maximum amount of Florida education finance program funds for current operation for all districts for special programs shall not exceed the dollar amount required to fund these programs as included in each of the district's annual educational plans for special programs submitted to the department, and as included in the annual legislative budget; provided, however, that the department is authorized to reallocate funds among districts when they are relinquished by the district to which originally allocated. The method for determining the dollar amount for reallocated funds shall be prescribed by regulations of the state board. For the 1973-74 fiscal year the maximum amount of Florida education finance program funds for current operations for all districts for special programs for exceptional students shall not exceed eighty-five million five hundred six thousand five hundred dollars ($85,506,500) and for students in special vocational-technical programs and special adult general education programs shall not exceed one hundred fifty-four million four hundred thirty nine thousand five hundred dollars ($154,439,500).

(7) Categorical programs.--The legislature hereby provides for the establishment of selected categorical programs to assist in the development and maintenance of activities giving indirect support to the programs previously funded.





These categorical appropriations may be funded as general and transitional categorical programs. It is the intent of the legislature that no transitional categorical program shall be funded for more than four (4) fiscal years from the date of original authorization or the effective date of this act whichever is last. Such programs are as follows:

(a) General.--

1. Capital outlay as provided by law.

2. Community schools as provided by law.

3. Educational leadership training act programs as provided by law.

4. School lunch programs for the needy as provided by law.

5. Textbooks as provided by law.

6. Vocational improvement fund as provided by law.

(b) Transitional.--

1. Bilingual program as provided by law.

2. Driver education as provided by law.

3. Elementary school counselors as provided by law.

4. Occupational and placement specialists as provided by law.

5. Safe schools program as provided by law.

Section 5. Preliminary distribution.--For the 1973-74 fiscal year and each year thereafter, the procedure for determining the monthly dollar distribution to each district prior to the first membership survey shall be based on one-twelfth (1/12) of the amount the department may reasonably expect the district to receive during that fiscal year. Such payments are to be advances and shall not affect the district's entitlement for the fiscal year.

Section 6. Funds for student transportation.--The annual allocation from the Florida education finance program to each district for transportation to the public schools of students in kindergarten through grades twelve (12), and exceptional students shall be determined as follows:

(1) Subject to the regulations of the state board each district shall determine the membership of students who are transported:

(a) by reason of living two (2) miles or more from school, and

(b) by reason of being physically handicapped, regardless of distance to school, and

(c) by reason of being vocational and exceptional students transported from one school center to another.

(2) Subject to the regulation of the state board, each district shall determine and report the one-way route mileage required to transport students to school for the first time on any school day and the one-way miles on routes between school centers required to transport exceptional students and vocational students to centers where appropriate programs are provided. The one-way route mileage shall be computed by adding:

(a) The loaded miles of each school bus route one-way designated in accordance with Section 234.061, Florida Statutes, and served by a bus as defined by regulations of the state board, except that miles traveled for a side route to pick up students living within one and one-half (1½) miles of the main trunk route shall not be added, and

(b) Fifty (50) percent of the miles of the bus route traveled without students.



(3) A density index for each district shall be computed by the department annually by dividing the membership of transported students as determined in subsection (1) by the bus route mileage as determined in subsection (2) of this section.

(4) The allocation for each district for a one hundred and eighty (180) day school term shall be calculated in accordance with the following formula:

$$\text{Allowable per student cost} = \frac{434.77}{2 + \text{the density index of the district}} - 13.65$$

provided that the districts with a density index of 1.10 students per route mile or less will be computed as having a density index of 1.10 and districts with a density of 5.90 or more students per route mile will be counted as having a density index of 5.90. The allocation to each district for transportation shall be determined by multiplying the allowable cost per student by the membership of all students who are transported as determined in subsection (1) of this section.

(5) If a district operates schools more or less than one hundred eighty (180) days, the allocation per student for transportation to such schools shall be calculated by multiplying the quotient of the days the schools operate divided by one hundred eighty (180) days times the allocation per student determined in subsection (4) of this section. The allocation for each district for transportation of students in membership more or less than one hundred eighty (180) days shall be determined by multiplying the allowable cost per student determined in this subsection by the membership of such students who are transported.

(6) When authorized by regulations of the state board an allocation of twelve (12) cents per mile shall be allowed for miles traveled by passenger cars with students providing for transportation of isolated students.

(7) The total allocation to each district for transportation of students shall be the sum of the amounts determined in subsections (4), (5) and (6) of this section.

(8) No district shall use funds to purchase transportation equipment and supplies at prices which exceed those determined by the department to be the lowest which can be obtained as prescribed in §229.79, Florida Statutes.

Section 7. Funds for comprehensive school construction and debt service.--The annual allocation from the Florida education finance program to each district for the comprehensive school construction and debt service program shall be determined as follows:

(1) Pursuant to regulations of the state board the commissioner shall determine annually the projected school plant and annual debt service needs for each school district and report this to the legislature. In determining these needs and in making the report the commissioner shall include at least the following elements:

(a) Projected student membership for the next five (5) year period.

(b) Projected number of unhoused students.

(c) Cost of removing the deficiencies related to health and safety to life standards.

(d) Cost of improving the educational environment in existing school plants.



(e) Current construction cost data as determined by the state board.

(f) Five (5) year projected cost of amortizing the annual payment of the bonded indebtedness of the district issued prior to the effective date of this act.

(g) Cost of site acquisition and improvement.

(h) Amount of additional resources available pursuant to the provisions of Article XII, Section 9(d) of the Constitution as amended in 1972.

(i) Amount of funds from other sources available to the school board; and earmarked for capital outlay purposes, however, these funds shall not include any funds available from tax monies collected from millage elections in excess of ten (10) mills.

(j) District housing index.

(k) Square footage requirements for program grade groups.

(l) Special instructional facilities needed to improve the program at a school center but not necessarily to increase the student stations of the center.

(m) Amount of funds derived from voted ad valorem taxes in excess of ten (10) mills which were expended for school plants during the five (5) years prior to the effective date of this act, other than those utilized for payment on bonded indebtedness.

(2) The commissioner shall determine annually the amount allocated to each district from the funds appropriated for the purpose of implementing this section as follows:

(a) Determine the costs of the projected school plant needs, the five (5) year projected debt service needs and the expenditures of ad valorem taxes in excess of ten (10) mills for each district as determined in subsection (1) of this section.

(b) Determine the projected additional resources available under the provisions of Article XII, section 9(d) of the constitution as amended in 1972, and the projected amount available to each district from other fund sources allocated for school plants.

(c) From the costs of the projected school plant and five (5) year projected debt service needs for each district subtract the projected additional resources available, and add the expenditure of ad valorem taxes in excess of ten (10) mills as determined in paragraph (a) of this subsection. The result shall represent the estimated cost of unfunded school plant and debt service needs for each district.

(d) The funds appropriated annually for the purpose of implementing this section shall be allocated to the respective districts in proportion to their percentage of the state total of unfunded school plant and debt service needs as determined above.

(3) Funds accruing to a district from the provisions of this section shall be expended on needed projects as shown by a survey or surveys in the district under regulations of the state board. The priority of expenditure by districts shall be as follows:

(a) New classrooms and special instructional facilities necessary to provide needed pupil stations at either a new or existing school center; school sites or additions to sites and site improvement incident to new construction or to make a site addition useable; restoration and correcting deficiencies required for safety to life, health and sanitation.

(b) Special instructional and auxiliary facilities needed to improve the program at a school center but not necessary to increase the pupil stations.



(c) Major alterations to existing buildings which would substantially improve the utility of the space and replacement of or major alterations to the existing heating, cooling, lighting, safety, and sanitary facilities at a permanent school center.

(d) Debt service for district bonds serviced by voted ad valorem taxes.

(4) Each school board allocated funds under this section shall submit to the commissioner a projection of its schedule of eligible capital outlay disbursements for specified periods as prescribed by regulations of the state board. Upon approval by the commissioner, the comptroller shall disburse the funds. Prior to the distribution of the initial funds pursuant to this section the commissioner shall determine the district's needs pursuant to subparagraphs (2)(a), (b) and (c) in this section, and update the state facilities inventory subsequent to the effective date of this act.

Section 8. School design, construction techniques and financing mechanisms.

(1) The state board shall require that relocatable school facilities be provided at school centers where there is reason to believe the pupil population is unstable or is projected to decline in future years. The state board shall provide plans both for standard relocatable facilities and prototype plans for school plants for the purpose of making optimal use of permanently constructed facilities separate from or in conjunction with relocatable classrooms or modular relocatable units. These shall be utilized unless the local district shall affirmatively show that it can obtain or construct comparable facilities at less expense.

(2) The state board may require or approve the utilization of rented or leased facilities. Facilities may also be acquired by lease-purchase agreement and any capital outlay funds available are hereby authorized to be expended for such purposes.

(3) The state board may require local districts to employ procedures for the construction of new permanent facilities or major additions to existing facilities that will include but not be limited to the latest developments in construction techniques, materials, design, and concepts such as turn-key bidding, construction management, systems building process and the use of modular and standardized components, unless the district can document affirmatively that other procedures will provide the same quality of construction at less cost.

(4) All school facilities constructed by a school board incorporating the minimum standards prescribed by regulations of the state board as authorized in §235.26, Florida Statutes, shall be exempt from all state, county, district, municipal or local building codes and ordinances. Any inspection by local government shall be based on minimum standards as prescribed by the state board.

Section 9. Total state allocation to each district.--

(1) The total annual state allocation from the Florida education finance program to each district shall be the sum of:

(a) The total allocation for current operation as determined in Section 4,

(b) The total allocation for pupil transportation as determined in Section 6,



(c) The total allocation for school construction and debt service as determined in Section 7, and

(d) The amount of state reimbursement for actual tax loss resulting from the additional homestead exemptions authorized in chapter 71-309, Laws of Florida, which shall be computed as follows:

1. The department shall compute the number of mills of tax needed to provide the district required effort that year, and

2. From the actual tax levy for operating purposes or ten (10) mills, whichever is less, subtract the millage determined in 1,

3. The remainder obtained in 2 shall be multiplied by the total value of the additional homestead exemptions authorized in chapter 71-309, Laws of Florida, and multiply this product by ninety five (95) percent.

4. The amount determined in 3 shall be the allocation to the district.

(2) The department shall distribute the annual allocation prescribed herein and all other allocations as provided for by law periodically to each district in the manner prescribed by regulations of the state board. The department shall prior to June 30 each year, factor the base student cost by an amount sufficient to allocate to the districts the total funds appropriated for the Florida education finance program.

Section 10. Capital outlay and debt service units.--For the purpose of administering the provisions of Article XII, section 9(d) of the constitution as amended in 1972, the number of current instruction units in districts shall be computed

annually by the department by multiplying the number of full-time equivalent students in each district by the cost factors in section 4(1)(c) of this act and dividing by twenty-three (23), except all basic program cost factors shall be one (1.00) and the special program cost factors for hospital and homebound I and for community service shall be zero (0). Any portion of the fund not expended during any fiscal year may be carried forward in ensuing budgets and shall be temporarily invested as prescribed by law or regulations of the state board.

Section 11. Comprehensive information, accounting and reporting system.--

(1) Comprehensive information and assessment system.-- By July 1, 1974, the commissioner shall develop plans for the design and implementation of a comprehensive management information and assessment system. These plans may be developed using contracted services. Representative districts shall be involved to assure that individual district management information and assessment systems provide output reports that are compatible with the required input needs of this system. By July 1, 1975, the system shall be in operation in each appropriate division of the department and a compatible system shall be in operation in each district. The commissioner shall report on the progress of implementing the system to the governor, the state board and the legislature prior to the beginning of the regular 1974 and 1975 legislative sessions. The state system and the compatible district systems shall provide for at least the following:



(a) Determination of the management decisions which will be made at each educational level, and what information is needed at each level; provided however, that the primary unit for information and assessment shall be the individual school.

(b) Standardization of reporting definitions and terms.

(c) Procedures for assuring the compatibility of management objectives at the department, division, and district level necessary to implement public education policy.

(d) Procedures for assuring comparability between student performance information collected and reported by this system and national indicators of student performance.

(e) Compilations of relevant standardized fiscal, student, program, personnel, facility and community information in forms usable at various management and policy making levels.

(f) Integration of all present information components of the appropriate divisions of the department into the comprehensive system which shall include, at least, such present educational information components such as accreditation, student assessment, school house facilities, and cost accounting.

(g) Procedures for collection and dissemination of collected educational information required by other state agencies and federal agencies.

(h) Procedures for a continuous review of all components of the information system to assure that information collected is necessary, adequate, and reliable, and that it is processed in an efficient manner.

(i) Wherever possible the system shall also reduce the number and complexity of required reports, particularly at the school level.

(2) Cost accounting.--Each district shall account for expenditures of all state, local and federal funds on a school-by-school and a district aggregate basis in accordance with standards established by the department or as provided by law. The method used by each district when recording and reporting cost data by program shall be reviewed and approved by the department in accordance with regulations prescribed by the state board.

(3) Cost reporting.--Each district shall report expenditures of all funds on a school-by-school and on an aggregate district basis in accordance with standards provided by the department. Definitions of program categories and cost elements to be reported shall be prescribed by regulations of the state board and shall include the programs set forth in section 4(1)(c) of this act. By the 1974-75 fiscal year, ninety (90) percent of current operating funds of the Florida education finance program shall be expended in the programs and the schools which generated the funds, provided however, that a district-by-district accounting shall be made for compensatory education. All districts, in cooperation with the department, shall plan mutually compatible programs for the refinement of cost data and improvement of the accounting and reporting system. The department shall report to the legislature thirty (30) days prior to the opening of the regular 1974 session and each year



thereafter, the status of district programs and the state's own program for improvement of accounting and reporting of cost data on a state-wide compatible basis. The report shall include the anticipated degree of implementation in the current fiscal year. The refinements and improvements indentified in the district's plan and the state plan shall be accomplished by July 4, 1976. Each approved district plan and the state plan shall incorporate procedures or the alternatives considered for minimizing the number and complexity of reports from the school level.

Section 12. Section 236.01, Florida Statutes, is repealed.

Section 13. The introductory paragraph of Section 236.02, 1972 Supplement to Florida Statutes, is amended to read:

236.02 Minimum requirements of the Florida education finance program.--Each district which participates in the state appropriations for the Florida education finance ~~foundation~~ program shall provide evidence of its effort to maintain an adequate school program throughout the district and shall meet at least the following requirements:

Section 14. Subsections (4) and (5), and paragraphs (a) and (b) of subsection (6) of Section 236.02, 1972 Supplement to Florida Statutes, are repealed, and subsections (6), (7), (8) and (9) are renumbered as subsections (4), (5), (6) and (7).

Section 15. Section 236.03, 1972 Supplement to Florida Statutes, is repealed.

Section 16. The introductory paragraph and subsections (1), (2), (3), (4), (5), (6), (7), (10), and (11) of Section 236.04, 1972 Supplement to Florida Statutes, are repealed.

Section 17. Subsection (8) of Section 236.04, 1972 Supplement to Florida Statutes, is renumbered as Section 236.10 and amended to read:

236.10 ~~(8) Units~~ Allocation for occupational specialists The department is authorized to allocate an amount as prescribed annually by the legislature to each district ~~for each twenty (20) vocational education instruction units, one (1) instruction unit or proportionate fraction of a unit shall be allowed~~ for employment of occupational specialists in the same ratio as the full-time equivalent student membership in vocational progarms to the full-time equivalent student membership of vocational programs of the state for the prior year ~~when used~~ in accordance with regulations prescribed by the state board ~~of education~~.

Section 18. Subsection (9) of Section 236.04, 1972 Supplement to Florida Statutes, is renumbered as Section 236.11 and amended to read:

236.11~~(9) Units~~ Allocation for elementary school counselors.--The department ~~of education~~ is authorized to allocate an amount as prescribed annually by the legislature ~~instructional units~~ for elementary school counselors to the districts in the same ratio as the ~~average daily attendance~~ full-time equivalent membership of the district to the ~~average daily attendance~~ full-time equivalent membership of the state for the prior year in grades kindergarten through six (6) for the



employment of certified elementary school counselors except that this calculation shall, for 1973-74 fiscal year, be based on average daily attendance from the 1972-73 school year. ~~These units shall not earn special teacher service units.~~

Section 19. Chapter 72-283, Laws of Florida, is repealed.

Section 20. Sections 236.05 and 236.08, 1972 Supplement to Florida Statutes, are repealed.

Section 21. Section 236.07, 1972 Supplement to Florida Statutes, is repealed.

Section 22. Subsection (2) of Section 236.0711, Florida Statutes, is repealed.

Section 23. Section 236.09, Florida Statutes, is repealed.

Section 24. Section 236.13, 1972 Supplement to Florida Statutes, is amended to read:

236.13 Expenditure of funds by school board.--~~The foundation program fund~~ All state funds apportioned to the credit of any district shall ~~is to~~ constitute a part of the district school fund of that district and shall be budgeted and expended under authority of the school board of that district subject to the provisions of law and regulations of the state board.

228.041 Specific definitions.--Specific definitions shall be as follows and wherever such defined words or terms are used in the Florida school code they shall be used as follows:

(19) Exceptional students.--The term "exceptional students" means any child or youth who has been certified by a specialist qualified under regulations of the state board to examine exceptional students as one who is unsuited for enrollment in a regular class of the public schools or is unable to be adequately educated in the public schools without the provisions of special classes, instruction, facilities or related services, or a combination thereof. The term "exceptional students" includes the following: the educable mentally retarded, the trainable mentally retarded, the speech impaired, the deaf and hard of hearing, the blind and partially sighted, the crippled and other health impaired, the emotionally disturbed and socially maladjusted, those with specific learning disabilities, and may include the gifted.

Section 26. Subparagraph (m) of subsection (4) of Section 230.23, Florida Statutes, is amended to read:

230.23 Powers and duties of school board.--The school board, acting as a board, shall exercise all powers and perform all duties listed below:

(4) Establishment, organization, and operation of schools.--Adopt and provide for the execution of plans for the establishment, organization, and operation of the schools of the districts, as follows:

(m) Exceptional ~~children~~ students.--Provide for an appropriate program of special instruction, and facilities, and services for exceptional ~~children~~ students as prescribed by the state board ~~of education~~ as acceptable, including that:

1. The school board provides the necessary professional services for diagnosis and evaluation of exceptional ~~children~~ students;

~~2.--Special instruction, classes and services within district school systems;~~

~~3.--Contractual arrangements by district boards with approved private or nonpublic schools or community facilities;~~

2. The school board provides the special instruction, classes and services either within the district school system, or in cooperation with other district school systems or through contractual arrangements with approved private or nonpublic schools or community facilities.

3. The school board submits annually to the department its proposed procedures for the provision of special instruction and services for exceptional students.

4. No student shall be given special instruction or services until he is properly classified as an exceptional student. The parent or guardian of an exceptional student placed or denied placement in a program of special education shall be notified promptly of such placement or impending placement or denial. Such notice shall contain a statement informing the parent or guardian that he is entitled to a review of the determination and of the procedures for obtaining such review.

5. In providing for the education of exceptional students the superintendent, principals, and teachers shall utilize the regular school facilities and adapt them to the needs of exceptional students whenever this is possible. No student shall be segregated and taught apart from normal students until a careful study of the student's case has been made and evidence obtained which indicates that segregation would be for the student's benefit or is necessary because of difficulties involved in teaching the student in a regular class.

6. The principal of the school in which the student is taught shall keep a written record of the case history of each exceptional student showing the reason for the student's withdrawal from the regular class in the public school and his enrollment in or withdrawal from a special class for exceptional students and this record shall be available for inspection by school officials at any time.

Section 27. Paragraph (f) of subsection (1) of Section 232.01, Florida Statutes, is amended to read:

232.01 Regular school attendance required between ages of seven (7) and sixteen (16); permitted at age of six (6); exceptions.

(1)(f) Consistent with regulations adopted by the state board, exceptional children who will have attained the age of three (3) years on or before January 1 of the school year may be eligible for admission to public special education programs and for related services under rules and regulations prescribed by the school board; provided however that exceptional children who are deaf, blind, severely physically



handicapped or trainable mentally retarded below age five (5) may be eligible for a home instruction program or, if enrolled in other preschool or day care programs, may be eligible for supplemental instruction.

Section 28. For the purpose of determining each district's share of the minimum foundation program cost for the school year 1972-73 under the provisions of Section 236.07 (8)(a), Florida Statutes, the value of the nonexempt property shall be the sum of the nonexempt real property as certified by the assessor, plus the value of property certified to the assessor under Section 193.052(6), Florida Statutes, plus the value of nonexempt personal property as certified by the assessor.

Section 29. If any one or more of the provisions of this act shall for any reason be held invalid, then such provisions shall be deemed separable from the remaining provisions of this act, and such invalid provisions shall in no way affect the validity of any of the other provisions of this act. The remaining provisions shall be liberally construed for the purposes of carrying out the intent of this act.

Section 30. Effective date.--This act shall take effect July 1, 1973.

AN ACT to amend Section 18-8 of "The School Code", approved March 18, 1961, as amended.

Be it enacted by the People of the State of Illinois, represented in the General Assembly:

Section 1. Section 18-8 of "The School Code", approved March 18, 1961, as amended, is amended to read as follows:

(Ch. 122, par. 18-8)

Sec. 18-8. Basis for apportionment to districts.) So much of the balance of the sum remaining to be apportioned after computing the amounts provided in Sections 18-3 through 18-7 as shall be required shall be assigned to the several counties for the benefit of the several school districts therein for payment of the several county claims composing the State report of claims submitted under Section 18-12 together with any additional amount assigned under the provisions of Section 18-7 to any district not included in the retirement system created by Article 16 of the "Illinois Pension Code" as the same may from time to time be amended. If the money available in the common school fund for this purpose is less than the amount required under the provisions of this Act, the apportionment to each county shall be proportionately reduced.

The amounts to be apportioned shall be determined for each county by school districts, as follows:

1. General Apportionment: For each pupil in average daily attendance accredited in the manner hereinafter provided, other than pupils whose tuition is paid from the State treasury under Section 18-3 there shall be granted in each school year beginning July 1, 1969 and thereafter, a general apportionment of $48 for each pupil. In the computation of the amounty to be apportioned, the average daily attendance of all pupils in grades 9 through 12 shall be multiplied by 1.25.

The actual number of pupils in average daily attendance shall be computed in a one-teacher school district by dividing the total aggregate days of pupil attendance by the

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actual number of days school is in session but not more than 30 such pupils shall be accredited for such type of district; and in districts of 2 or more teachers, or in districts where records of attendance are kept by session teachers, by taking the sum of the respective averages of the units composing the group. For 1967 and later years pupils in average daily attendance shall be computed upon the average of the best 6 months of pupils attendance of the current school year except as district claims may be later amended as provided hereinafter in this Section. Days of attendance shall be kept by regular calendar months, except any days of attendance in August shall be added to the month of September and any days of attendance in June shall be added to the month of May. Days of attendance by pupils shall be counted only for sessions of not less than 5 clock hours of school work per day under direct supervision of teachers, with pupils of legal school age and in kindergarten and grades 1 through 12.

(a) Pupils regularly enrolled in a public school for only a part of the school day may be counted on the basis of 1/6 day for every class hour attended pursuant to such enrollment.

(b) Days of attendance may be less than 5 clock hours on the opening and closing of the school term, and upon the first day of pupil attendance, if the first day of the term is utilized as an institute or teachers' work shop.

(c) A session of 4 or more clock hours may be counted as a day of attendance upon certification by the county superintendent of schools, and approved by the Superintendent of Public Instruction to the extent that the district has been forced to use daily multiple sessions.

(d) A session of 3 or more clock hours may be counted as a day of attendance when the remainder of the school day is utilized for an in-service training program for teachers, up to a maximum of 5 days per school year, provided a district

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conducts an in-service training program for teachers which has been approved by the Superintendent of Public Instruction.

(e) A session of not less than 1 clock hour teaching of hospitalized or homebound pupils may be counted as 1/2 day of attendance by such pupils.

(f) A session of at least 4 clock hours may be counted as a day of attendance for first grade pupils, and a session of 2 or more hours may be counted as 1/2 day of attendance by kindergarten pupils.

(g) For handicapped children below the age of 6 years who cannot attend full day because of handicap or immaturity, a session of not less than one clock hour may be counted as 1/2 day of attendance.

(h) A recognized kindergarten shall not have more than 1/2 day of attendance counted in any 1 day. However, kindergartens may count 2 1/2 days of attendance in any 5 consecutive school days. Where a kindergarten pupil attends school for 2 half days on any one school day, such pupil shall have the following day as a day absent from school, unless the school district obtains permission in writing from the Superintendent of Public Instruction. Days of attendance by tuition pupils shall be accredited only to the districts that pay the tuition to a recognized school.

When a kindergarten has not operated in prior years, a school district may establish one at any time during the school year and claim attendance under this Section.

All kindergartens making application for aid under this Section shall be approved by the Superintendent of Public Instruction.

Any increase or decrease of the second claim in relation to the first claim filed under this Act shall be computed as an adjustment of the first claim; an adjustment shall be computed annually by comparing the current claim with the previous yearly claim. However, in determining this

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adjustment for the 1971-1972 school year, the greater of the current year's weighted average daily attendance or the previous year's weighted average daily attendance shall be used to compute the actual State aid entitlement for the current year. This amount as so determined, shall also be compared to the supplementary claim, if one was filed. Any district having a lower weighted average daily attendance for the current year due to a reorganization does not qualify for this adjustment procedure.

2. Equalization Quotes: In addition to the general apportionments based on average daily attendance as provided above, equalization quotas shall be determined as follows:

Equalization quotas shall be computed from the number of pupils determined in the manner provided for general grants above in this Section, however only for the first year of attendance in 1 kindergarten shall be counted, except in case of children who entered the kindergarten in their fifth year and their educational development requires a second year of kindergarten as determined by the rules and regulations of the office of the Superintendent of Public Instruction.

For the school years beginning July 1, 1971 a school district which levies for educational purposes on account of pupils below grade 9 or on account of high school pupils a sum at least equivalent to .90% of the value of all its taxable property as equalized or assessed by the Department of Local Government Affairs on the date of the levy shall be entitled also to such equalization quota as is necessary to supplement the amount of such levy and the above general grants for pupils below grade 9, including the kindergarten, or the above general grants for pupils in grades 9 through 12, as the case may be, by an amount that will produce the sum of $520 per pupil in average daily attendance, provided that in elementary school districts having an average daily attendance of 100 or more and in high school districts having a weighted average daily attendance of 100 or more, such

qualifying rate shall be .84%. However, school districts not levying the qualifying rates for the school year beginning July 1, 1972 shall be entitled to the equalization quota above set forth except that from the total claim there shall be deducted the difference between the amount calculated from the qualifying rate and the actual amount of the levy.

However, no school district may receive an amount in excess of $520 per pupil in weighted average daily attendance until it has furnished evidence satisfactory to the Superintendent of Public Instruction that such school district is operating a quality educational program in conformance with regulations issued by the Superintendent of Public Instruction.

For the school year beginning July 1, 1969 the number of pupils in grades 9 through 12 in average daily attendance in school districts maintaining and operating only grades 9 through 12 and grades Kindergarten through 12 shall be multiplied by 1.25 in the calculation of the equalization quota of such school districts.

For any school year beginning July 1, 1967, or thereafter, any school district maintaining grades 1 through 12 qualifies for such equalization quotas for pupils below grade 9 and high school pupils if it levies an amount for educational purposes at least equivalent to 1.08% of the value of all its taxable property, as equalized or assessed by the Department of Local Government Affairs, on the date of the levy and shall compute any equalization quota due by combining the computations for pupils below grade 9, including the kindergarten, and high school pupils and by using 1.08% as a qualifying rate for such computation.

Any elementary, high school or unit district qualifying for an equalization quota which for the year 1970, as compared to the year 1969, has a decrease in the value of all its taxable property as equalized or assessed by the Department of Local Government Affairs, shall, for the school

year beginning July 1, 1971, be entitled to file a supplementary equalization claim with the Office of the Superintendent of Public Instruction. Such claims shall be filed with the Office of the Superintendent of Public Instruction, on forms prescribed by such office and the Superintendent of Public Instruction upon receipt of such claims shall adjust the claim of each such district in accordance therewith.

If the amount of state aid calculated under this section is less than $120 per weighted pupil, then the amount of state aid per weighted pupil in average daily attendance for the best 6 months will be computed by multiplying the quotient, of the assessed valuation per weighted pupil necessary to produce $120 state aid per weighted pupil under the formula divided by the district assessed valuation per weighted pupil, times $120; except in no case shall a district receive less than $48 per weighted pupil, for the purpose of this calculation.

3. Density bonus: Until July 1, 1974, any school district having a weighted average daily attendance of more than 200,000 shall have its weighted average daily attendance increased 16%, any school district having a weighted average daily attendance of 30,000 to 200,000 shall have its weighted average daily attendance increased 12% any school district having a weighted average daily attendance from 20,000 to 29,999 shall have its weighted average daily attendance increased 8% and any district having a weighted average daily attendance of 10,000 to 19,999 shall have its weighted average daily attendance increased 4%, provided the district shall submit and receive advance approval thereof, with its claim a plan for the use of the funds resulting from the application of this size weighting for the improvement of instruction according to rules and regulations established by the Superintendent of Public Instruction. If an elementary school district is coterminous with a high school district, and if the sum of

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their weighted average daily attendance falls within one of the categories set forth above, they shall be eligible for that size weighting. The additional revenue resulting from the application of this size weighting shall be allocated to the qualifying elementary and high school districts in proportion to the weighted average daily attendance of each. The classification of school districts made in this paragraph shall be based on the weighted average daily attendance of the school district for either the year the estimate was made or the current year. The apportion made by the application of the formula set forth in this paragraph shall not be increased by the application of the general percentage of increase provided in paragraph 5.

4. Disadvantaged factor: For the school year beginning July 1, 1973 and thereafter, any school district which does not claim a density bonus under paragraph 3 shall be entitled to adjust the weighted average daily attendance computations of this Section by the additional weighting of .45 times the number of school children eligible under Title I of the Elementary and Secondary Education Act of 1965.

5. Add-on factor: The general apportionments and equalization quotas as computed above in this Act based on weighted average daily attendance shall be increased 25%.

Each year a district may not be paid State aid in a sum in excess of a 25% increase of its actual entitlement for the previous year but may in subsequent years continue to receive 25% increases until it is being paid the full amount of its annual entitlement.

6. Supplementary claim: Any school district which has an increase or decrease in average daily attendance of more than 2% during the first calendar month of the school year in comparison with the average daily attendance for the best 6 months of the previous school year shall be entitled to file a supplementary claim for such increase or decrease and the Office of the Superintendent of Public Instruction upon

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receipt of said claim shall adjust the claim of such district in accordance therewith, for the school year beginning July 1, 1971, or thereafter, the said supplementary claim for each district shall be computed by the Superintendent of Public Instruction using the full, fair cash value of all of the district's taxable property, as equalized or assessed by the Department of Local Government Affairs in either 1969 or 1970, whichever year's value is less. In school districts that qualify for equalization, the flat grants are included in the equalization distribution. Therefore, a school district receives either the flat grants or the equalization distribution which includes the flat grants.

7. Inpaction: When 5% or more of the pupils residing in a school district are attending grades kindergarten through 12 of the public schools maintained by such school district and are children of parents or guardians employed by the State of Illinois or any of its agencies or in any State office building maintained and operated by or for the State of Illinois, the Superintendent of Public Instruction semi-annually shall direct the Auditor of Public Accounts to pay an amount sufficient to pay 1/4 of the annual tuition cost of such children who attended such public schools during the school year ending on June 30 in the calendar year preceding the apportionment and the Auditor shall draw his warrant upon the State Treasurer for the payment thereof to the county superintendent of schools of the county in which any such school district is located. The county superintendent straightway shall transmit the payment to the respective school district through the proper school treasurer. The amount of the tuition shall be determined by the Superintendent of Public Instruction by multiplying the number of such children in average daily attendance in such schools by the total annual per capita cost of administering the schools of the district. Such total annual per capita cost shall be determined by totaling all expenses of the

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school district for the school year preceding the filing of such tuition claim, including among other things depreciation and insurance; and excluding capital expenditures, the retirement of bonds and anticipation warrants, and the claims for state reimbursements under Section 29-5; and dividing such total by the average daily attendance for the year; then deducting the per capita amount received per pupil claimed in average daily attendance under Section 18-8. If children residing in such school district attend grades kindergarten through 12 in a school maintained by a State university then an amount equivalent to 1/2 of the annual tuition cost of children who attend school in the public school district of residency shall be deducted from the claim of the school district of residency for such children. Annually on or before August 15 the president and the clerk or the secretary of the district upon forms prepared by the Superintendent of Public Instruction shall certify to the county superintendent of schools the following:

(a) The name and location of the State agency or State office building maintained and operated by or for the State of Illinois in which parents of children attending the public schools are employed;

(b) The number of children residing in the school district whose parents or guardians are employed by the State of Illinois;

(c) The number of children residing in the school district who attend grades kindergarten through 12 in a school maintained by a State university;

(d) The total expenses of the school district exclusive of capital expenditures, the retirement of bonds and anticipation warrants, and the claims for state reimbursements under Section 29-5 and the per capita amount received per pupil claimed in average daily attendance under Section 18-8;

Failure on the part of the school board to certify to the

county superintendent of schools the claim of the school district for tuition on account of such children on or before August 15 shall constitute a forfeiture by the district of its right to the payment of any such tuition claim for the school year just ended. The county superintendent of schools shall check and not later than October 1 certify to the Superintendent of Public Instruction the county report of claims due for such tuition payments. The Superintendent of Public Instruction shall prepare and certify to the Auditor of Public Accounts not later than December 1 of each year the state report of claims due the several school districts for such tuition.

If a school district makes a claim for reimbursement under Section 18-4, it shall not include in any claim filed under this Section children residing on the property of State institutions included in its claim under Section 18-4.

3. In addition to (1) the general grants and (2) the equalization quotas provided above, grants shall be determined for pupil attendance in summer schools conducted under Sections 10-22.33A and 34-18 and approved under Section 2-3.25.

The amount of grant for each credited summer school attendance pupil shall be obtained by dividing the total amount of apportionments determined under (1) plus (2) above by the actual number of pupils in average daily attendance used for such apportionments. The number of credited summer school attendance pupils shall be determined (a) by counting clock hours of class instruction by pupils enrolled in grades 1 through 12, each inclusive, in approved courses conducted at least 60 clock hours in summer sessions; (b) by dividing such total of clock hours of class instruction by 4 to produce days of credited pupil attendance; (c) by dividing such days of credited pupil attendance by the actual number of days in the regular term as used in computation in the general apportionments above; and (d) by multiplying by 1.25.

In the event a summer school program approved by the Superintendent of Public Instruction for handicapped children, as defined in Sections 14-1.02, 14-1.04 or 14-1.05, does not qualify for the summer school apportionment, the amount of the grant shall be determined by multiplying the average daily membership of such classes by 1.25.

In the case of an apportionment based on summer school attendance pupils, the claim therefor shall be presented as a separate claim for the particular school year in which such summer school session ends.

Any school district which fails for any given school year to maintain school as required by law, or to maintain a recognized school is not eligible to file for such school year any claim upon the common school fund. In case of non-recognition of one or more attendance centers in a school district otherwise operating recognized schools, the claim of the district shall be reduced in the proportion which the average daily attendance in the attendance center or centers bear to the average daily attendance in the school district. A "recognized school" means any public school which meets the standards as established for recognition by the Superintendent of Public Instruction. A school district or attendance center not having recognition status at the end of a school term is entitled to receive State aid payments due upon a legal claim which was filed while it was recognized.

School district claims filed under this section are subject to provisions of Sections 18-9, 18-10 and 18-12, except as herein otherwise provided.

The Office of the Superintendent of Public Instruction shall secure from the Department of Local Government Affairs the value as equalized or assessed by the Department of Local Government Affairs of all taxable property of every school district together with the applicable educational tax rate used in extending taxes for the educational fund of the district as of September 30 of the previous year. In a new

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district which has not had any educational tax rate yet determined for extension of taxes. a leveled uniform rate shall be computed from the latest amount of the educational fund taxes extended on the several areas within such new district.

If a school district operates a full year school under Section 10-19.1 of this Act, the general apportionment to school districts shall be determined by the Superintendent of Public Instruction in accordance with this Section as near as may be applicable.

For any school year beginning July 1, 1973, or thereafter, a district may be paid according to the preceding provisions of this Section and all tax rates authorized under Article 17 of this Act may be continued, or it may be paid as follows with all reporting dates and payment dates, method for computing average daily attendance, provisions for adjustments of claims and filing supplementary claims, and provisions for reducing claims due to nonrecognized attendance centers in the above remaining as they are.

The amount to be apportioned shall be determined for each county by school district as follows:

Each district shall receive aid based upon the number of weighted pupils in average daily attendance.

1. Weighted Average Daily Attendance (WADA) shall be calculated as follows:

(a) Days of attendance shall be counted only for sessions of not less than 5 clock hours of school work per day under direct supervision of teachers with pupils of legal school age through grade 12.

(b) Pupils enrolled in a public school for only a part of the school day may be counted on the basis of 1/6 day for every class hour attended pursuant to such enrollment.

(c) Days of attendance may be less than 5 clock hours on the opening and closing of the school term and upon the first day of

pupil attendance if the first day of the term is utilized as an institute or teachers' workshop.

(d) A session of 4 or more clock hours may be counted as a day of attendance upon certification by the county superintendent of schools, and approved by the Superintendent of Public Instruction to the extent that the district has been forced to use daily multiple sessions.

(e) A session of 3 or more clock hours may be counted as a day of attendance when the remainder of the school day is utilized for an in-service training program for teachers, up to a maximum of 5 days per school year, provided a district conducts an in-service training program for teachers which has been approved by the Superintendent of Public Instruction.

(f) A session of not less than 1 clock hour teaching of hospitalized or homebound pupils may be counted as 1/2 day of attendance by such pupils.

(g) A session of at least 4 clock hours may be counted as a day of attendance for first grade pupils, and a session of 2 or more hours may be counted as 1/2 day of attendance by kindergarten pupils.

(h) For handicapped children below the age of 6 years who cannot attend full day because of handicap or immaturity, a session of not less than one clock hour may be counted as 1/2 day of attendance.

(i) A recognized kindergarten shall not have more than 1/2 day of attendance counted in any 1 day. However, kindergartens may count 2-1/2 days of attendance in any 5 consecutive school days. Where a kindergarten pupil attends school for 2 half days on any one school day, such pupil shall have the following day as a day absent from school, unless the school district obtains permission in writing from the Superintendent of Public Instruction. Days of attendance by tuition pupils shall be accredited only to the districts that pay the tuition to a recognized school.

(j) The number of pupils in a district listed as eligible under Title I of the Elementary and Secondary

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Education Act of 1965 shall result in an increase in the weighted average daily attendance calculated as follows: The number of pupils eligible under Title I shall increase the weighted ADA by .375 for each student adjusted by dividing the per cent of pupils eligible for Title I in the district by the ratio of pupils eligible for Title I in the State to the best 6 months' weighted average daily attendance in the State. In no case may the adjustment under this paragraph result in a greater weighting than .75 per eligible Title I student.

(k) The average daily attendance of all pupils in grades 9 through 12 shall be multiplied by 1.25.

2. The State grant shall be determined as follows. If the money available in the common school fund for this purpose is less than the amount required under the provisions of this Act, the apportionment to each educational service region shall be proportionately reduced.

(a) The state shall guarantee the amount of money that a district's tax rate as limited in other sections of this Act would produce if every district maintaining grades kindergarten through 12 had an assessed valuation equal to $42,000 per weighted ADA pupil; every K-8 district had an assessed valuation of $64,615 per weighted ADA pupil; and every 9-12 district had an assessed valuation of $120,000 per weighted ADA pupil.

(b) The tax rate to be used shall consist of all district taxes extended for all purposes except Bond and Interest, Rent Fund, Transportation, Special Education Building, Capital Improvement Fund and Vocation Building Program.

(c) For calculation of aid under this act a district shall use the combined authorized tax rates of all funds not exempt in (b) above, not to exceed 3.00% of the full fair cash value of all its taxable property as equalized or assessed by the Department of Local Government Affairs for districts maintaining grades kindergarten through 12; 1.95% of the full fair cash

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value of all its taxable property as equalized or assessed by the Department of Local Government Affairs for districts having grades K-8 only; 1.05% of the full fair cash value of all its taxable property as equalized or assessed by the Department of Local Government Affairs for districts having grades 9-12 only.

(d) The state aid shall consist of the guaranteed assessment in (a) above less the assessment per weighted ADA pupil which a district actually has multiplied by the actual tax rate as described in (b) and (c) above levied by the district not to exceed 3.00% per districts maintaining grades kindergarten through 12, 1.95% per K-8 district, and 1.05% per 9-12 district, multiplied by the WADA of the district.

(e) Each district shall be entitled to only 1/4 of the calculated increase each year in excess of its actual entitlement, except it may earn an entitlement which includes proportionate increases if the pupil population increases. A district may not be paid a sum in excess of a 25% increase in the actual entitlement during the previous year as adjusted for weighted ADA but may in subsequent years continue to receive 25% increases until it is being paid the full amount of its annual entitlement.

In calculating aid due a district that did not exist during the 1972-73 school year, or a district that has increased weighted ADA over 1972-73, the aid shall be calculated according to the provisions of this Section as it existed on January 1, 1973, and increases shall be calculated using the procedure above.

(f) Any district that has a combined tax rate in excess of the maximum of 3.00% of the full fair cash value of all its taxable property as equalized or assessed by the Department of Local Government Affairs for districts maintaining grades kindergarten through 12, 1.95% of the full fair cash value of all its taxable property as equalized or assessed by the Department of Local Government Affairs for K-8 districts,

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and 1.05% of the full fair cash value of all its taxable property as equalized or assessed by the Department of Local Government Affairs for 9-12 districts shall, after the first year of the operation of this formula, reduce its tax rate by 25% of the amount by which they exceed the above rates unless action has been taken to exceed these rates as provided in Subsection 2(h) or to establish a base amount in excess of $1,260 per weighted ADA pupil as provided in the second paragraph of Subsection 2(f). If the district is not allowed to receive the full amount allotted because of restrictions in (e) above the tax rate reduction shall be proportionate to the share received. Those districts selecting State aid payments according to the provisions of this Section established prior to January 1, 1973, may maintain tax rates allowable prior to that date.

If at the time of the enactment of this amendatory Act of 1973 a district is receiving funds from local taxes described in subsection 2(b) of this Section and from general and special aid under this Section in excess of $1,260 per weighted ADA pupil, the amount received from general and special aid plus the taxes levied in the funds described in that subsection 2(b) for the 1972-73 school year is the base amount which that district may spend. The amount established may be adjusted in the same manner as other districts adjust the $1,260 per weighted ADA pupil in subsection 2(h) of this Section.

(g) The office of the Superintendent of Public Instruction shall certify to the county clerk and the district the amount by which the maximum tax rates of the district must be reduced, if any. However, no liability shall be incurred by reason of such certification by the official or individual making such certification. The

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district shall correct its tax levy to effect such reduction within 10 days after the receipt of such notification so certified.

(n) When a school district has budgeted the full amount of operational funds allowed at the maximum tax rate permitted by this Section, then that board of education may increase its expenditure for innovative programs or research or experimental programs or other enriching experience by either of the following methods.

1. Upon a direct referendum as provided in Article 17 the necessary tax to increase expenditure by 15% for the above purposes may be levied.

2. If at the time of the enactment of this amendatory Act of 1973, the district is authorized to tax beyond the levels per $100 of assessed valuation of 3.00% in unit districts, 1.95% in elementary districts and 1.05% in high school districts, the board may pass a resolution to maintain a tax rate that will produce up to the amount of funds necessary to produce 15% above the established support level of $1,200 per weighted ADA pupil or the amount established under the second paragraph of subsection 2(f) of this Section subject to back door referendum provision such that any taxpayer in such district may, within 30 days after such resolution is made, file with the secretary of the board of education a petition signed by not less than 10% or 2,000, whichever is the lesser, of the voters of the district requesting the submission of the resolution to a referendum on the following proposition:

Shall the resolution adopted by the school board to maintain a tax rate that will produce (state amount) become effective?

The procedure for the submission of such referendum shall be as near as may be as provided in Section 17-2.2

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of this Act.

(i) In addition to the above grants, summer school grants shall be made based upon the calculation as provided in subsection 3 of this Section.

(j) The board of any district receiving any of the grants provided for in this Section may apply those funds to any fund so received for which that board is authorized to make expenditures by law.

(k) The increase in the weighted average daily attendance in any district having a WADA of 10,000 or more provided by paragraph 1 (j) of this amendatory Act is contingent upon the district's submitting with its claim a plan for the use of the funds resulting from the application of paragraph 1(j) of this amendatory Act for the improvement of instruction according to rules and regulations of the Superintendent of Public Instruction.

## Enrolled Version

### Substitute for SENATE BILL No. 92

AN ACT concerning the financing of public schools; prescribing minimum levels of local school financial support; authorizing imposition of ad valorem taxes; providing for transfer of certain funds; dedication and distribution of certain public funds; distributing state financial aid; amending K. S. A. 72-934, 72-952, 72-4119, 72-4420 and 79-2961 and K. S. A. 1972 Supp. 79-2959 and repealing the existing sections; repealing all of the sections of articles 24 and 70 of chapter 72 of Kansas Statutes Annotated and K. S. A. 72-8203a, 72-8310 and 72-8311.

*Be it enacted by the Legislature of the State of Kansas:*

*New Section 1.* This act may be cited as the "school district equalization act."

*New Sec. 2.* As used in this act the words and phrases set out in sections 3 through 13 shall have the meanings respectively ascribed to them unless the context requires a different meaning.

*New Sec. 3.* (*a*) "District" means a school district organized under the laws of this state which is maintaining public school for a term of not less than one hundred eighty (180) days.

(*b*) "Board" means the board of education of a school district.

(*c*) "State board" means the state board of education.

*New Sec. 4.* (*a*) "Pupil" means any person who is regularly enrolled in any of the grades kindergarten through twelve (12) of a district. Any pupil who is not regularly enrolled full time shall be counted as that proportion of one pupil (to the nearest one-tenth) that his regular enrollment bears to full-time regular enrollment. A pupil enrolled in kindergarten shall be counted as one-half (½) pupil. Any pupil enrolled in and attending any area vocational school shall be counted as that proportion of one pupil (to the nearest one-tenth) that his non-vocational education enrollment bears to full-time enrollment. The word "pupil" shall not include any pupil enrolled in the district but taught at a state institution.

(*b*) "Enrollment" or "E" means the number of pupils in a district on September 15.

(*c*) "Enrollment category" means a group of districts described by establishing maximum and minimum enrollments thereof.

(*d*) "Graph" means a bivariate frequency distribution.

*New Sec. 5.* (*a*) "School year" means the twelve (12) month period ending June 30.

(*b*) "Current school year" means the school year during which general state aid is determined by the state board under section 14.

(*c*) "Preceding school year" means the school year immediately before the current school year.

(*d*) "September 15" shall have its usual meaning, except that in any year in which September 15 is not a school day, it shall mean the first school day after September 15.

*New Sec. 6.* (*a*) "General fund" means the fund of a district from which operating expenses are paid and to which is deposited all amounts of general state aid under this act, property taxes under section 27, distributions under section 45, payments from the school

district income tax fund, payments under K. S. A. 72-7105a, payments under the provisions of 20 U. S. C. A. 238 and 239 (title 1 of P. L. 874) and such other moneys as are provided by law.

(*b*) For the purpose of computing the limitation on operating expenses per pupil in the 1973-74 school year under section 26, "legally adopted budget of operating expenses" in the 1972-73 school year means the amount budgeted in the general fund, excluding amounts budgeted for transportation and social security.

*New Sec. 7.* "Operating expenses" means the total expenditures and lawful transfers from the general fund of a district during a school year for all purposes, except expenditures for the purposes specified in section 35.

*New Sec. 8.* "Legally adopted budget of operating expenses" means the amount legally authorized for such expenses in the budget of a district.

*New Sec. 9.* "Budget per pupil" means the legally adopted budget of operating expenses of a district divided by the number of pupils enrolled in the district on September 15.

*New Sec. 10.* (*a*) "Per-pupil cost of transportation" means the total expenditures of a district during a school year from all funds for transporting pupils of public and nonpublic schools on regular school routes, divided by the total number of pupils transported on September 15 of that school year.

(*b*) "Index of density" means the number of pupils of public and nonpublic schools residing in the district on September 15 transported on regular school routes by the district, divided by the number of square miles of territory in the district.

(*c*) "Density-cost graph" means a drawing having: (1) A horizontal or base line divided into equal intervals of density, beginning with zero on the left; and (2) a scale for per-pupil cost of transportation to be shown on a line perpendicular to the base line at the left end thereof, said scale to begin with zero dollars ($0) at the base line ascending by equal per-pupil cost intervals.

(*d*) "Curve of best fit" means the curve on a density-cost graph drawn so the sum of the distances squared from such line to each of the points plotted on the graph is the least possible.

*New Sec. 11.* (*a*) "State assessed property" means all real or tangible personal property assessed by the director of property valuation, the valuation of which is certified to or apportioned among various taxing districts of the state.

(*b*) "State ratio" means thirty percent (30%).

(*c*) "County urban ratio" means the average assessment ratio of all sales of urban real estate in each county for the preceding year as determined under the provisions of K. S. A. 1972 Supp. 79-1437.

(*d*) "County rural ratio" means the average assessment ratio of all sales of rural real estate in each county for the preceding year as determined under the provisions of K. S. A. 1972 Supp. 79-1437.

(*e*) "Adjusted valuation" means: (1) Of urban real estate, the assessed valuation of the preceding year multiplied by the state ratio and divided by the county urban ratio for that year; (2) of rural real estate, the assessed valuation of the preceding year multiplied by the state ratio and divided by the county rural ratio for that year; (3) of a county, the sum of the adjusted valuations of urban and rural real estate plus the assessed valuations of the preceding year of tangible personal property and state assessed property within the county; (4) of a district, the sum of the adjusted valuations of urban and rural real estate plus the assessed valuations of the preceding year of tangible personal property and state assessed property within the district.





*New Sec. 12.* (*a*) "Taxable income" means Kansas taxable income of resident individuals as determined under K. S. A. 79-32,116 and the amount equivalent to such income of taxpayers who compute Kansas income tax liability under K. S. A. 1972 Supp. 79-32,112.

(*b*) "Taxable income within the district" means the total taxable income of residents of a district as reported on state income tax returns filed in the preceding calendar year.

*New Sec. 13.* (*a*) "Local effort rate" means the rate of a district as determined under section 15 or 16.

(*b*) "District wealth" means the sum of the adjusted valuation of a district and the taxable income within the district in the year for which the most recent such valuation and income figures are available.

(*c*) "Local effort" means the sum of (1) the product of a district's local effort rate and the district wealth, and (2) an amount equal to moneys the district received in the preceding school year, or was entitled to receive if no application was made for such moneys, under the provisions of 20 U. S. C. A. 238 and 239 (title 1 of P. L. 874) and congressional appropriations therefor, and (3) an amount equal to the amount that the state board determines the district is entitled to receive from the fund established in section 45 based on the percentage of such fund that the district is entitled to receive from the levy made in the current school year for the fund, and (4) the amount of intangible tax to the credit of the district on the tax rolls of the current year.

*New Sec. 14.* In February of each year, the state board shall determine the amount of general state aid each district is entitled to receive for the current school year by subtracting the amount of the district's local effort from the district's legally adopted budget of operating expenses for the current school year. The remainder is the amount of general state aid to which the district is entitled.

*New Sec. 15.* For the 1973-74 school year, the local effort rate of a district shall be one and one-half percent (1½%) if such district's budget per pupil is the amount prescribed by the following schedule:

| *Enrollment of the District* | *Budget Per Pupil* | *Adjustment* |
|---|---|---|
| Under 400 | $936 | *None* |
| 400 to 1299 | 936 | Minus $.23111 (E-400) |
| 1300 and over | 728 | *None* |

If a district's budget per pupil is more or less than the budget per pupil prescribed by the above schedule, such district's local effort rate shall bear the same proportion to one and one-half percent (1½%) that its budget per pupil bears to the amount per pupil prescribed by the above schedule.

*New Sec. 16.* For school years after 1973-74, the local effort rate of a district shall be one and one-half percent (1½%) if such district's pupil budget per pupil for the current school year is the amount prescribed by the schedule prepared by the state board as provided in section 17. If a district's budget per pupil is more or less than the budget per pupil prescribed by such schedule, such district's local effort rate shall bear the same proportion to one and one-half percent (1½%) that its budget per pupil bears to the amount per pupil prescribed by such schedule.

*New Sec. 17.* Annually the state board shall prepare a schedule comparable to that prescribed in section 15, as follows: (*a*) The schedule shall contain at least three (3) enrollment categories. The first enrollment category in the schedule shall be "under 400."

(*b*) The state board shall prepare a graph showing the medians of budgets per pupil of districts with enrollments of 400 or more in the current school year:

The horizontal base line shall be divided into equal intervals each of which represents enrollment of 100, ranging from districts with 400-499 enrollment on the left to districts with 1,000 and over enrollment on the right, unless there is a different ending enrollment category on the right which has a lesser statistically significant variation from the median budget per pupil of districts with the largest enrollments, in which case such different ending enrollment category shall be used. The vertical base line shall begin at zero dollars at the horizontal base line and shall ascend by equal intervals of budget per pupil.

(*c*) The schedule derived from such graph shall contain two (2) or more enrollment categories for districts with at least 400 or more enrollment as may be necessary to describe adequately the relationship between enrollment of districts and budgets per pupil.

(*d*) The schedule shall include adjustment factors, based on an accepted mathematical formula, applicable to the intervals between the lowest and highest enrollment categories to provide a linear transition in the budget per pupil between each enrollment category.

(*e*) The budget per pupil specified in the schedule for all districts in the lowest enrollment category ("under 400") shall be the median budget per pupil of all districts in the 400-499 enrollment category.

*New Sec. 18.* The state transportation aid for each district shall be computed by the state board as follows: (*a*) On a density-cost graph plot the per-pupil cost of transportation for each district, excluding the ninth decile of per-pupil cost of transportation.

(*b*) Construct a curve of best fit for the points so plotted.



(*c*) Locate the index of density for the district on the base line of the density-cost graph and from the point on the curve of best fit directly above this point of index of density follow a line parallel to the base line to the point of intersection with the vertical line, which point is the formula per-pupil cost of transportation of the district.

(*d*) Ascertain the actual per-pupil cost of transportation of the district for the preceding school year.

(*e*) The per-pupil transportation allowance of the district shall be one hundred percent (100%) of the formula-per-pupil cost or one hundred percent (100%) of the actual per-pupil cost of transportation of the district as ascertained in (*c*) and (*d*) above, whichever is lower.

(*f*) Multiply the per-pupil transportation allowance by the number of pupils who, on September 15, reside in the district and two and one-half (2½) miles or more by the usually traveled road to the school house they attend, and who are actually being transported at the expense of the district. For any district which did not transport pupils in the preceding school year, the transportation aid shall be calculated and paid on a reimbursement basis at the end of the first school year in which pupils were transported.

For the purpose of providing accurate and reliable data on pupil transportation, the state board is authorized to adopt rules and regulations prescribing procedures which districts shall follow in reporting pertinent information relative thereto, including uniform reporting of expenditures for transportation.

*New Sec. 19.* There is hereby established the state school equalization fund to which shall be credited the following: (*a*) All moneys deposited in or transferred to the state annual school fund under K. S. A. 75-2305a; and

(*b*) All amounts received by the state treasurer under section 40.

(*c*) All amounts transferred thereto under subsection (*b*) of K. S. A. 1972 Supp. 79-2959, as amended.

(*d*) All amounts appropriated therefor or transferred thereto by the legislature.

*New Sec. 20.* The distribution of general state aid under this act shall be made from the state school equalization fund each year, commencing September 20, 1973, as follows:

(*a*) The amount of general state aid for each district as computed by the state board shall be distributed in payments as follows: On September 20 and on the twentieth day of each month thereafter to and including January 20, with each such monthly payment being an amount equal to ten percent (10%) of the preceding school year's general state aid entitlement of the district. On February 20 and on the twentieth day of each month thereafter to and including April 20, with each such monthly payment being an amount equal to ten percent (10%) of the current school year's general state aid entitlement. On May 20 the full amount of the general state aid entitlement determined in the preceding February, less the sum of the monthly payments made from September through April, inclusive.

(*b*) Notwithstanding the foregoing, the distribution of general state aid to each district to be made in monthly payments on September 20, 1973, and on the twentieth day of each month thereafter to and including January 20, 1974, shall be an amount equal to ten percent (10%) of the amount the district would have received in the 1972-1973 school year as general state aid, if this act had been in effect during the 1972-1973 school year.

(*c*) The state board shall certify to the director of accounts and reports the amount due as general state aid to each district five (5) days before each payment date. If the amount in the state school equalization fund on or after March 1 shall be insufficient to pay in full the amount each district is entitled to receive as general state aid as computed by the state board, then the entire amount remaining shall be prorated among the districts in proportion to the amount each district is entitled to receive.

*New Sec. 21.* The distribution of transportation aid under this act shall be made from the state school equalization fund each year, commencing September 25, 1973, as follows:

(*a*) The amount of transportation aid for each district as computed by the state board shall be distributed in payments as follows: On September 25 such payment shall be an amount equal to one-half of the amount paid to the district in the preceding year for transportation aid. On February 25 such payment shall be an amount equal to the entire amount the district is entitled to receive in the current school year, less the amount paid to the district for transportation aid on the preceding September 25. The state board shall certify to the director of accounts and reports the amount due each district as transportation aid five (5) days before each payment date.

(*b*) Notwithstanding the foregoing, the distribution of transportation aid to be made on September 25, 1973, shall be in an amount to each district equal to the entire amount the district received as transportation aid in the 1972-1973 school year.

*New Sec. 22.* The director of accounts and reports shall draw his warrants on the state treasurer payable to the district treasurer of each district entitled to payment from the state school equalization fund, upon vouchers approved by the state board. Upon receipt of such warrant, each district treasurer shall deposit the amount of general state aid in the general fund and the amount of transportation aid in the transportation fund.

*New Sec. 23.* In the event any district is paid more than it is entitled to receive under any distribution made under this act or under any statute repealed by this act, the state board shall notify the district of the amount of such overpayment, and such district shall remit the same to the state board. The state board shall remit any moneys so received to the state treasurer, and the state treasurer shall deposit the same in the state treasury to the credit of the state school equalization fund. If any such district fails so to remit, the state board shall deduct the excess amounts so paid from future payments becoming due to such district. In the event any district





is paid less than the amount to which it is entitled under any distribution made under this act, the state board shall pay the additional amount due at any time within the school year in which the underpayment was made or within sixty (60) days after the end of such school year.

*New Sec. 24.* On or before October 1 of each year, beginning October 1, 1973, the clerk or superintendent of each district shall certify under oath to the state board the total enrollment by grades in the schools of the district on September 15 of the current school year and such other reports as the state board may require. Each such report shall show vocational education enrollment and special education enrollment in such detail and form as is specified by the state board. Upon receipt of such reports, the state board shall examine the same and if it shall find any errors therein, it shall consult with the school official furnishing such report and make such corrections therein as are necessary. One of such district officers shall also certify to the state board, on or before August 25 of each year, a copy of the budget adopted by the district.

*New Sec. 25.* (*a*) On or before November 1 of each year, beginning in the year 1973, the county clerk of each county shall certify to the state board with respect to each district or portion of district in his county, the current assessed valuations of: (1) Urban real estate; (2) rural real estate; (3) state-assessed property; and (4) tangible personal property.

(*b*) On or before February 1 of each year beginning in 1974, the director of taxation shall certify to the state board the amount within each district of taxable income and the amount within each district of resident individual income tax liability after credits for taxes paid to another state.

*New Sec. 26.* (*a*) In any school year commencing after June 30, 1973, no district shall budget or expend for operating expenses per pupil more than (1) one hundred fifteen percent (115%) of the amount of its budget per pupil in the preceding school year or (2) one hundred five percent (105%) of the median budget per pupil in the preceding school year of districts within the same enrollment category as such district during such year, as such median and category are specified under sections 15 and 17, whichever of (1) and (2) above is the lower amount per pupil. Notwithstanding the foregoing, any district may budget or expend for operating expenses per pupil (1) not more than one hundred five percent (105%) of its budget per pupil in the preceding school year, or (2) if approved by the electors of the district at an election held in accordance with article 20 of chapter 25 of Kansas Statutes Annotated, an amount not greater than the budget per pupil in the preceding school year of the district which had the highest such budget per pupil in the enrollment category of such district, but in no event more than one hundred fifteen percent (115%) of the budget per pupil in the preceding school year.

(*b*) No district shall budget in any year for operating expenses per pupil an amount less than six hundred dollars ($600).

(*c*) Whenever a district's legally adopted budget of operating expenses in any year is less than authorized under subsection (*a*) without an election, the district may add the amount that such budget is less than so authorized to its legally adopted budget of operating expenses of a later year. Notwithstanding the other provisions of this subsection, no district shall budget or expend for operating expenses per pupil in any year more than one hundred fifteen percent (115%) of the amount of its budget per pupil in the preceding school year.

(*d*) If the enrollment in a district in the current school year has decreased less than the percentage specified in this subsection (*d*) from the enrollment in the preceding school year, the amount which the district may budget and expend under this section may be computed on the basis of the enrollment in the preceding school year. The percentage applicable to a district for the purpose of this section is ten percent (10%) for districts in the smallest enrollment category (under 400), seven and one-half percent (7½%) for districts in the middle enrollment category and five percent (5%) for districts in the largest enrollment category.

*New Sec. 27.* Within the limitations provided in this act, any board may levy an ad valorem tax on the taxable tangible property of the district each year for operating expenses. No district shall be authorized to proceed under K. S. A. 79-1964, 79-1964a or 79-1964b and amendments thereto.

*New Sec. 28.* (*a*) There is hereby established in every district a fund which shall be called the "special education fund," which fund shall consist of all moneys deposited therein or transferred thereto according to law. Notwithstanding any other provision of law, all moneys received by the district from whatever source for special education shall be credited to the special education fund established by this section. The expenses of a district directly attributable to special education shall be paid from the special education fund and from special funds established under K. S. A. 72-952, as amended.

(*b*) All moneys in any special education fund, except any special funds established under K. S. A. 72-952, to which moneys received under article 9 of chapter 72 of Kansas Statutes Annotated were deposited prior to the effective date of this act, shall be transferred on the effective date of this act to the special education fund established by this section, and all moneys to which any district is entitled from a levy made under authority of K. S. A. 72-934 shall be paid to the district and deposited in the special education fund established by this section. All lawful agreements made under authority of K. S. A. 72-952 shall remain valid and enforceable after the effective date of this act in accordance with the terms thereof, and obligations of a district under any such contract shall be paid from the special education fund established by this section.

*New Sec. 29.* (*a*) All moneys received by a district for any program authorized by article 44 of chapter 72 of Kansas Statutes



Annotated shall be deposited in the district "vocational education fund" which is hereby established. All other moneys received by the district from tuition, fees or charges or from any other source for vocational education courses or programs shall be credited to the vocational education fund. The expenses of a district directly attributable to vocational education shall be paid from the vocational education fund.

(*b*) All moneys in the vocational education fund referred to in K. S. A. 72-4419 and 72-4420, as amended, shall be transferred on the effective date of this act from such vocational education fund to the vocational education fund created by this section, and all moneys to which any district is entitled from a levy made under authority of K. S. A. 72-4420 shall be paid to the district and deposited in the vocational education fund created by this section. All lawful agreements made under authority of K. S. A. 72-4421 shall remain valid and enforceable after the effective date of this act, except that obligations of a district under any such contract shall be paid from the vocational education fund established by this section. If any such agreement expresses an obligation of a district in terms of a mill levy, such obligation shall be construed to mean an amount equal to that which would be produced by the levy so provided. Moneys shall be transferred from the general fund of the district to the vocational education fund if there are insufficient moneys for the purposes specified in this subsection in such vocational education fund.

*New Sec. 30.* There is hereby established in every district a fund which shall be called the "driver training fund," which fund shall consist of all moneys deposited therein or transferred thereto according to law. All moneys received by the district from distributions made under K. S. A. 1972 Supp. 8-272 and from tuition, fees or charges for driver training courses shall be credited to the driver training fund. The expenses of a district attributable to driver training shall be paid from the driver training fund.

*New Sec. 31.* There is hereby established in every district a fund which shall be called the "food service fund," which fund shall consist of all moneys deposited therein or transferred thereto according to law. All moneys received by the district for food service and from charges for food service shall be credited to the food service fund. The expenses of a district attributable to food service shall be paid from the food service fund.

*New Sec. 32.* There is hereby established in every district a fund which shall be called the "transportation fund," which fund shall consist of all moneys deposited therein or transferred thereto according to law. All moneys received or taxes levied by the district for pupil transportation shall be credited to the transportation fund. The expenses of a district attributable to pupil transportation shall be paid from the transportation fund. Any district may transfer moneys from its capital outlay fund to its transportation fund for the purpose of purchasing buses and bus equipment. On June 1, 1973, each district shall transfer all moneys in its special school bus

purchase fund, or words of like effect, authorized by K. S. A. 72-8310 or 72-8311 to its transportation fund. If a board determines that any moneys which have been transferred to its transportation fund from its capital outlay fund are not needed for the purchase of buses or bus equipment, such board may retransfer such moneys to its capital outlay fund.

*New Sec. 33.* Any revenues of a district, not required by law to be deposited in or credited to a specific fund, shall be deposited in or credited to any fund of the district specified in sections 28 to 32, inclusive, or to the capital outlay fund. To the extent that K. S. A. 1972 Supp. 12-1677 conflicts with this section, this section shall control.

*New Sec. 34.* Any lawful transfer of money from the general fund of a district to any other fund shall be an operating expense in the year the transfer is made. In addition to other transfers authorized by law the board of any district may transfer moneys from its general fund to its capital outlay fund, transportation fund, special education fund, food service fund, driver training fund or vocational education fund. Expenditures for capital outlay, transportation, special education, food service, driver training and vocational education shall not be made from the general fund of a district.

*New Sec. 35.* Expenditures of a district for the following purposes are not operating expenses: (*a*) Payments to another district in an adjustment of rights as provided in K. S. A. 72-6776 or upon transfer of territory as provided in K. S. A. 72-7105, 72-7106 or 72-7107, if paid from any fund other than the general fund.

(*b*) Payments to another district under K. S. A. 72-7105a.

(*c*) The maintenance of summer school, adult education courses and student activities which are reimbursed.

(*d*) Expenditures from any lawfully authorized fund of a district other than its general fund.

(*e*) Programs financed in part or in whole by federal funds which may be expended although not included in the budget of the district, excepting funds received under the provisions of 20 U. S. C. A. 238 and 239 (title I of P. L. 874), to the extent of the federal funds to be provided.

*New Sec. 36.* In case a district expends in any school year an amount for operating expenses which exceeds the limitations provided in this act, the state board shall determine the excess and deduct the same from amounts payable to the district during the next school year from the state school equalization fund.

*New Sec. 37.* The board of any district in adopting an eighteen-month budget of operating expenses for any budget period beginning after June 30, 1973, shall do so subject to the following requirement: The ratio of the amount budgeted for the last six (6) months to that budgeted for the first twelve (12) months of such budget period shall not be less than forty percent (40%) nor more than fifty percent (50%).





*New Sec. 38.* Commencing with taxable years beginning after December 31, 1972, each district shall be entitled to an amount equal to ten percent (10%) of the resident individual income tax liability after credits for taxes paid to another state, as imposed under the Kansas income tax act. Such entitlement shall be based upon the district of residence of taxpayers as shown on state income tax returns filed in 1974 and in each year thereafter. The secretary of revenue shall certify to the director of accounts and reports entitlements of districts, and an amount equal thereto shall be transferred by such director from the state general fund to the school district income tax fund which is hereby created, prior to the dates prescribed in section 39 for distribution thereof to districts. Such certification shall be based on returns filed, with any adjustments or corrections made by the director of taxation.

*New Sec. 39.* (*a*) The director of taxation shall make distributions from the school district income tax fund to districts on the following dates: On May 1 and August 1 of each year, commencing in 1974, moneys transferred to such fund prior to each such date and on February 1 of each year, commencing in 1975, moneys transferred to such fund after July 31 of the preceding year.

(*b*) The director of taxation shall pay to each district an amount equal to ten percent (10%) of the resident individual income tax liability after credits for taxes paid to another state, as indicated by the state income tax returns filed and attributed to each such district, with any adjustments or corrections made by such director.

(*c*) The director of accounts and reports shall draw his warrants on the state treasurer payable to the district treasurer of each district entitled to payment from the school district income tax fund upon vouchers approved by the director of taxation. Upon receipt of such warrant, each district treasurer shall credit the amount thereof to the general fund of his district.

*New Sec. 40.* Notwithstanding any other provision of law, the county treasurer shall collect all moneys due the county from fines, penalties and forfeitures. The officers of each court of this state shall pay all of the proceeds of fines, penalties and forfeitures to the county treasurer who shall remit the same to the state treasurer, and the state treasurer shall deposit the same in the state treasury to the credit of the state school equalization fund. Nothing in this section shall be construed to affect any moneys collected by a municipal court.

*New Sec. 41.* Whenever he shall deem it necessary, the director of accounts and reports or the state treasurer, in order to determine the amount available under section 40, may request of county treasurers or any one or more of them the information indicated herein. Within ten (10) days of the receipt of any such request, each county treasurer receiving the same shall certify the amount of moneys collected to which section 40 applies to the director of accounts and reports and the state treasurer.

*New Sec. 42.* (*a*) The state board of tax appeals may authorize

a district to increase its legally adopted budget of operating expenses upon a finding by the board that:

(1) The construction of new or additional school facilities causes an increase in operating expenses greater than the district is permitted to budget under the limitations provided in this act.

(2) The requirements of law to provide special education cause an increase in operating expenses greater than the district is permitted to budget under the limitations provided in this act.

(3) The requirements of law to pay out-district tuition for vocational education and the requirements of contractual agreements for payment of amounts for an area vocational school cause an increase in operating expenses greater than the district is permitted to budget under the limitations provided in this act. For the purpose of this subsection "agreement" means an agreement authorized under K. S. A. 72-4421 which has been approved by the state board of education.

(4) The requirements of law to provide transportation of students cause an increase in operating expenses greater than the district is permitted to budget under the limitations provided in this act.

(5) Operation of an existing program of cooperative special education at a level of financial support equal to that of the 1972-1973 school year causes an increase in operating expenses under the provisions of this act and the assumption of such increase by the cooperating districts, including the sponsoring district, is agreed upon, subject to appeal hereunder.

(*b*) No appeal under paragraphs 4 or 5 of subsection (*a*) of this section shall be made by a district to the state board of tax appeals after August 1, 1973.

*New Sec. 43.* (*a*) The board of education of any school district may levy an ad valorem tax on the taxable tangible property of the district each year in an amount which shall not exceed the amount authorized by the state board of tax appeals under this section for the purpose of maintaining an existing program for transportation of students to the extent the same cannot be financed under paragraph (4) of subsection (*a*) of section 42.

(*b*) The state board of tax appeals may authorize a district to make a levy under this section, which will produce an amount which is not greater than the difference between the amount of state aid that would have been received by the district in the 1972-1973 school year had section 18 been in effect and the amount budgeted for transportation in the 1972-1973 general fund of the district, to maintain an existing program for transportation of students at a level of financial support equal to that of the 1972-1973 school year.

(*c*) No appeal under this section shall be made by a district to the state board of tax appeals after August 1, 1973.

*New Sec. 44.* All moneys in the county school foundation fund provided for in K. S. A. 72-7007, and all moneys which would be credited to such fund after the effective date of this act if said



72-7007 were not repealed hereby but in lieu thereof had remained in effect, shall be distributed to districts in amounts equal to the amounts each district would receive had said 72-7007 not been repealed.

*New Sec. 45.* There is hereby established in the office of the county treasurer of each county in the state a fund to be known as the "county school foundation fund" to be made up of the proceeds of the county school foundation levy and such other moneys credited to it as authorized by law. The levy for such fund shall be at a rate which will produce the amount which would be produced by a two-mill levy on the 1971 adjusted valuation of the county, and such levy shall not be subject to the provisions of K. S. A. 79-1440. The state board shall certify the amount to be produced by the levy to the county clerk who shall compute the rate and levy the same each year upon all tangible taxable property in the county. The proceeds of such levy shall be placed in the county school foundation fund and be distributed as herein provided:

(*a*) Determine the number of pupils residing on September 1 of the current school year in each of the districts any part of the territory of which is in the county;

(*b*) Divide the total amount in the county school foundation fund by the number of pupils residing within the county and the result is the per-pupil share of the county school foundation fund herein called "per-pupil share";

(*c*) Allocate to the board of each district any part of the territory of which is in the county but which is not a district in the county as defined in former K. S. A. 72-7002 an amount equal to the number of pupils in such district that reside within the county multiplied by the per-pupil share;

(*d*) Determine the number of certificated employees as defined in former K. S. A. 72-7002 and 72-7002a who are employed in attendance centers located within the county in the districts in the county;

(*e*) Divide the balance remaining in the county school foundation fund after the allocation provided for in subsection (*c*) by the total number of certificated employees determined in subsection (*d*) and the result is the "per-teacher share" of the county school foundation fund;

(*f*) Allocate to each district in the county an amount equal to the number of certificated employees of such district who are employed in attendance centers located within the county multiplied by the per-teacher share as determined in subsection (*e*) above. On or before October 1 of each year the superintendent of each district shall certify to the state board the total number of pupils in the district, the number of pupils residing in the home county of the district, and the number of pupils residing in each county in which any part of the territory of his district is located. The state board shall provide forms for such reports, review the same upon receipt thereof, and make any changes therein required to bring the same

into conformity with this act and any rules and regulations the state board adopts to implement the administration of this provision. On or before December 1 of each year, the state board shall certify to the county treasurer of each county the information necessary to make the required distribution under this section, and the county treasurer shall make distribution of the amount in the county school foundation fund in accordance with such certification at the same time that other tax funds are distributed to districts.

(g) Taxes levied by counties under the authority of this section shall not be subject to or within the limitations upon the levy of taxes imposed under the provisions of sections 1 to 16, inclusive, of 1973 Substitute for Senate bill No. 11.

*New Sec. 46.* Whenever a new district has been established or the boundaries of a district have been changed, the state board shall make appropriate revisions concerning the affected districts as may be necessary for the purposes of this act to reflect such establishment of a district or changes in boundaries. Such revisions shall be based on the most reliable data obtainable from the superintendent of the district, county clerk, and director of taxation.

*New Sec. 47.* The state board may adopt rules and regulations for the administration of this act, including the classification of expenditures of districts to insure uniform reporting of operating expenses.

*New Sec. 48.* Except for this section, nothing in this act shall apply to the school district created by K. S. A. 72-5333a. The legislature shall make suitable provisions for financing the educational needs of such school district.

Sec. 49. K. S. A. 72-934 is hereby amended to read as follows: 72-934. The board of education of any school district ~~establishing and operating or cooperating in the operation of a special class or program in the school district under the provisions of K. S. A. 1974 Supp. 72-5345~~ may levy a tax in each year of not to exceed one and one-half (1½) mills on ~~all~~ *the* taxable tangible property within the school district ~~to maintain and operate or to cooperate in the maintenance and operation of such class or program~~ *for the purpose of programs provided for in article 9 of chapter 72 of Kansas Statutes Annotated. Proceeds of the tax levy made under this section shall be used for programs required under K. S. A. 72-933, and any remaining amount shall be used for other approved programs under said article 9. All moneys received from a tax levy made under authority of this section shall be deposited in the special education fund of the school district.*

Sec. 50. K. S. A. 72-952 is hereby amended to read as follows: 72-952. The boards of education of any two or more school districts are authorized to make and enter into agreements providing for cooperative operation and administration in providing special instruction by special teachers for exceptional children on a shared-cost basis. The agreement entered into may provide for the establishment of and expenditure from a separate fund of one or more of the participating school districts, to which each of the contracting





districts may remit the moneys which the district obligates itself to pay. Any district which is a party to such a cooperative agreement may be designated as a sponsoring district as the term is defined in subsection ~~(9) of K. S. A. 72-5350~~ *(i) of K. S. A. 72-950*. Such agreement after execution, shall be subject to requirements and limitations, change or termination by the legislature and shall be subject to the requirements and limitations of K. S. A. ~~72-5361~~ *72-951* not otherwise inconsistent with this act. ~~The expenditure of moneys received by a sponsoring district from cooperating districts and, to the extent attributable solely to special instruction programs for exceptional children, moneys received under the state school foundation finance act from the state and from the county school foundation fund, and moneys received under K. S. A. 72-5350, 72-5361 and 72-5362 and K. S. A. 1968 Supp. 72-5346 or acts amendatory or supplemental thereto, shall not be deemed "operating expenses" for purposes of the state school foundation finance act, being article 70 of chapter 72 of the Kansas Statutes Annotated and acts amendatory thereof or supplementary thereto, provided the program and budget under which such expenditures are made have been approved by the state board of education. Moneys paid into a separate fund of a sponsoring district by cooperating districts, including a sponsoring district, shall be deemed "operating expenses" of the cooperating districts paying the same. No school district shall be penalized state aid for expenditures of money received from such nondistrict sources under this section for the 1968-1969 school year, and the provisions of K. S. A. 1968 Supp. 72-7023 shall not apply thereto.~~

~~Neither pupils nor certificated employees in approved programs for exceptional children under this act shall be counted in determining pupil-teacher ratio (PTR) or PTR factor under K. S. A. 1968 Supp. 72-7001 *et seq.* and acts amendatory thereof or supplemental thereto.~~

Sec. 51. K. S. A. 72-4419 is hereby amended to read as follows: 72-4419. The school district in which a student resides shall pay the tuition of such student to attend any vocational education course or program when such attendance is approved as provided in ~~section 8 of this act~~ *K. S. A. 72-4418*, from its vocational education fund ~~provided for in this act~~, except that any board receiving funds under an agreement under ~~section 11 of this act~~ *K. S. A. 72-4421* shall pay such tuition when the student lives in a school district which is a party to an agreement under ~~section 11 of this act~~ *said 72-4421*, if such agreement so provides. In the case of a school district which is not a party to an agreement under ~~section 11~~ *said 72-4421*, should there be insufficient or no moneys in the vocational education fund to pay any such tuition, the ~~school district is authorized to pay the same from its general fund or, if such deficiency occurs in the 1969-1970 school~~

~~year the school district is authorized to issue no-fund warrants therefor in the manner provided in K. S. A. 79-2938 except that the approval of the state board of tax appeals shall not be required. Moneys paid from the vocational education fund of a school district under authority of this act may be expended outside of and in addition to all of the limitations prescribed by K. S. A. 1968 Supp. 72-7001 et seq., and acts amendatory thereof~~ *board of education shall transfer from the general fund to the vocational education fund such amount as will satisfy such insufficiency.*

Sec. 52. K. S. A. 72-4420 is hereby amended to read as follows: 72-4420. The board of education of any school district may levy a tax of not to exceed two (2) mills *upon the taxable tangible property within the school district* for the purpose of providing revenue for the cost of establishing, conducting, maintaining and administering vocational education courses or programs which are currently approved by the state board and for payment of tuition and fees for vocational education courses or programs approved by the state board~~, and for purposes specified in section 2 of this act if said section 2 applies to such board of education. Such tax levy shall be in addition to all other tax levies authorized or limited by law and outside of any tax levy limit or aggregate tax levy limit fixed by law. Such tax levy shall be budgeted and maintained as a separate fund to be known as the vocational education fund, and no money in such fund shall be transferred to any other fund of the school district, except as provided by K. S. A. 79-2958. Moneys obtained under the tax authorized by this section may be expended and budgeted outside of and in addition to all of the limitations prescribed in K. S. A. 1971 Supp. 72-7001 et seq., and acts amendatory thereof. Such moneys shall not be used in computing any limitation under K. S. A. 1971 Supp. 72-7001 et seq.~~ *. All moneys received by a school district from a tax levy made under authority of this section shall be deposited in the vocational education fund of the school district.*

Sec. 53. K. S. A. 1972 Supp. 79-2959 is hereby amended to read as follows: 79-2959. *(a)* There is hereby created and established a fund designated as the local ad valorem tax reduction fund. All moneys transferred or credited to such fund under the provisions of this act or any other law of the state of Kansas shall be allocated and distributed in the manner provided ~~by this act and the act of which this act is amendatory. On September 15 of each year, beginning September 15, 1970, the state controller shall transfer a sum equal to ten percent (10%) of the total retail sales and compensating taxes deposited in the state treasury pursuant to articles 36 and 37 of chapter 79 of the Kansas Statutes Annotated and acts amendatory thereof and supplemental thereto, during the immediate preceding six (6) months period from January 1 to June 30, inclusive, from the state general revenue fund to the local ad valorem~~



~~tax reduction fund; and on April 10 of each year beginning on April 10, 1971, the state controller shall transfer a sum equal to ten percent (10%) of the total retail sales and compensating taxes deposited in the state treasury pursuant to articles 36 and 37 of chapter 79 of the Kansas Statutes Annotated and acts amendatory thereof and supplemental thereto, during the immediate preceding six (6) months period from July 1 to December 31, inclusive, to the local ad valorem tax reduction fund; and the state treasurer shall apportion and pay the amounts so transferred to the several county treasurers of the state on the fifteenth day of September and the tenth day of April in each year as provided for in K. S. A. 79-2960~~ *herein. On January 15 of each year, beginning in 1974, the director of accounts and reports shall transfer a sum equal to four and one-half percent (4½%) of the total retail sales and compensating taxes deposited in the state treasury pursuant to articles 36 and 37 of chapter 79 of Kansas Statutes Annotated and acts amendatory thereof and supplemental thereto during the preceding calendar year from the state general fund to the local ad valorem tax reduction fund. The state treasurer shall apportion and pay the amounts so transferred to the several county treasurers on January 15 in each year as provided in K. S. A. 79-2960.*

*(b) On February 20 of each year, beginning in 1974, the director of accounts and reports shall transfer a sum equal to five and one-half percent (5½%) of the total retail sales and compensating taxes deposited in the state treasury pursuant to articles 36 and 37 of chapter 79 of Kansas Statutes Annotated and acts amendatory thereof and supplemental thereto during the preceding calendar year from the state general fund to the state school equalization fund.*

Sec. 54. K. S. A. 79-2961 is hereby amended to read as follows: 79-2961. *(a)* When said budgets are made under ~~section 7 of this act,~~ K. S. A. 79-2960 and tax levies are filed with the county clerk, the county clerk shall so certify to the county treasurer. Thereupon, and prior to crediting same under subsection (*c*) of this section, the county treasurer shall divide all of the funds appropriated by the legislature to carry out the provisions of this section among all of the tangible property tax-levying political subdivisions of the county (including the county as one such political subdivision), *except school districts,* that shall comply with the requirements of this act, in the proportion that the product of the last preceding total tangible tax rate of each subdivision, times its equalized tangible assessed valuation for the preceding year, is to the sum of such products of all the tangible tax-levying political subdivisions, *except school districts,* exclusive of the levy by the county for any deficiency for state purposes.

(*b*) No political subdivision shall be entitled to participate in the distribution of any money appropriated by the legislature to carry out the provisions of ~~sections 7 and 8 of this act~~ K. S. A.

*79-2960 and this section*, unless and until such political subdivision shall have adopted and filed a budget for the ensuing year as provided by law, which budget shall show as a separate item the amount of such distribution to each property tax levy fund of such subdivision (excepting funds for bonds and interest on bonds), and shall have made and filed a tax levy as provided by law in which the levy for any property tax levy fund (excepting funds for bonds and interest on bonds) will produce a sum of money less than the amount which a maximum levy would produce for said fund, in an amount equal to or in excess of the amount of such distribution. The budget of each such political subdivision ~~except a school district~~ also shall show that the aggregate levies made by such tangible property tax-levying political subdivisions will produce a sum less than the amount which the aggregate levy would produce in an amount equal to or in excess of the aggregate amount of the budget items of such distribution shown in the various funds in said aggregate levy.

(*c*) In crediting said funds which have been divided pursuant to subsection (*a*) of this section, the county treasurer shall proceed as follows: ~~(1) Upon receipt of the funds from the state treasurer during the month of September of each year, credit each tangible property tax levy fund (except funds for bonds and interest on bonds) of each school district and board of education complying with the provisions of this act, with its proportionate share of said September receipts and the county treasurer shall notify such school district and board of education of the amounts credited to each of its tangible property tax funds (excepting the fund or funds for bonds and interest on bonds), which amount so credited shall thereupon be subject to distribution in full. (2) Except for the amounts credited during the month of September next preceding under paragraph (1) of subsection (c) of this section, upon~~ *Upon* receipt of the funds from the state treasurer ~~during the month of April~~ each year, credit each tangible property tax levy (excepting funds for bonds and interest on bonds) of such political subdivisions complying with the provisions of this act with its proportionate share of said receipts, ~~plus its proportionate share of the amount paid during the month of September next preceding, and which was not so previously credited under said paragraph (1) of this subsection,~~ and the county treasurer shall notify such political subdivision of the amounts credited to each of its tangible property tax funds (excepting the fund or funds for bonds and interest on bonds), which amount so credited shall be subject to distribution. *This section and K. S. A. 79-2960 shall not apply to school districts.*

*New Sec. 55.* If any clause, paragraph, subsection or section of this act shall be held invalid or unconstitutional, it shall be conclusively presumed that the legislature would have enacted the remainder of this act without such invalid or unconstitutional clause, paragraph, subsection or section.





Sec. 56. All of the sections of articles 24 and 70 of chapter 72 of Kansas Statutes Annotated and K. S. A. 72-934, 72-952, 72-4419, 72-4420, 72-8203a, 72-8310, 72-8311 and 79-2961 and K. S. A. 1972 Supp. 79-2959 are hereby repealed.

Sec. 57. This act shall take effect and be in force from and after June 1, 1973, and its publication in the official state paper.

BEST COPY AVAILABLE



APPROVED JUN 22 '73 BY GOVERNOR

CHAPTER 556 PUBLIC LAW

# STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED SEVENTY-THREE

H. P. 1561 — L. D. 1994

**AN ACT Equalizing the Financial Support of School Units.**

*Be it enacted by the People of the State of Maine,* as follows:

Sec. 1. R. S., T. 20, c. 510, additional. Title 20 of the Revised Statutes is amended by adding a new chapter 510 to read as follows:

## CHAPTER 510

## FUNDING OF PUBLIC SCHOOLS

§ 3711. Intent

It is declared to be the intent of the Legislature to reduce the burden of education program costs in public schools which are borne by the property tax to 40% and to provide 60% of the total cost of education from state tax sources. The Legislature intends to implement the program over a 3-year period—50% State, 50% local in 1974-75 and thereafter. It is further declared to be the intent of the Legislature to finance the 40% property tax share through a uniform property tax rate applied to all administrative units alike. The uniform property tax as described in sections 451 and 453 of Title 36 shall be implemented during the same 3-year period to minimize the impact on local property taxes in any one year. The Legislature intends that a limit be placed upon additional local taxes that may be imposed on property for school purposes, thus encouraging more efficient management of the available resources.

§ 3712. Definitions

The following definitions shall apply to state and administrative units' computations under this chapter.

1. Operating costs. Elementary or secondary operating costs shall include all costs, except transportation, community services, capital outlay and debt service, reduced by tuition receipts, expenditures from all federal revenue sources and expenditures for special and vocational education programs as defined in subsection 4.

2. Average elementary per pupil operating costs. Elementary grades shall include a childhood educational program as defined by section 859, through grade 8. Average elementary per pupil operating costs shall be computed by dividing elementary operating costs by the average number of resident elementary pupils, excluding those students in special education programs, on October 1st and April 1st in the unit in the same fiscal year, July 1st to June 30th. Those average costs so computed shall be used in the distribution of funds to the local units for the succeeding fiscal year.

3. Average secondary per pupil operating costs. Secondary grades shall mean grades 9 through 12. Average secondary per pupil operating costs shall be computed by dividing secondary operating costs by the average number of resident secondary pupils, excluding full-time students in special and vocational education programs, on October 1st and April 1st in the unit in the same fiscal year, July 1st to June 30th. Any student graduating from grade 12 during the school year prior to April 1st shall be counted as though he were in attendance on April 1st of that year. Those average costs so computed shall be used in the distribution of funds to the local units for the succeeding fiscal year.

4. Excess costs. Excess costs are expenditures made by local units for special and vocational education programs.

5. Special education programs for subsidy purposes. Special education, for subsidy purposes, shall include programs which have been approved by the commissioner for children with special needs.

6. Vocational education for subsidy purposes. Vocational education, for subsidy purposes only, shall mean training in trade, industrial, agricultural, technical and service occupations. It shall not include business education, consumer education or home economics programs.

7. Year. Year means a fiscal year starting July 1 and ending June 30th of the succeeding year.

8. School aid payments. School aid payments shall be made directly to the treasurer of each administrative unit and shall be based upon the number of resident pupils educated at public expense and contingent expenditures as outlined in this chapter based upon audited financial reports submitted by the various administrative units.

9. Appeals. The computation of aid for any unit may be appealed in writing to the State Board of Education by the school committee or board of directors of any school unit within 30 days from the date of notification of the computed amount. The board shall review the appeal and make an adjustment, if in its judgment such an adjustment is fully justified. The board's decision shall be final as to facts supported by the records of the appeal.

§ 3713. Computation of unit allocations

In the year prior to the convening of the Legislature, a sum of money shall be recommended by the State Board of Education to the Bureau of the Budget, said sum to equal the estimated cost of education for each year. This sum should reflect the board's best estimate as to changes in pupil enrollment, economic factors and other considerations which might effect a change in the costs of education. The board shall be ever conscious of the need for prudent restraint in educational financing. Fifty percent of the sum shall come from state sources and 50% of the sum from the uniform property tax in 1974-75 and thereafter. The Bureau of the Budget shall include this recommended amount in the Part I budget.

The basis of allocation of funds to each unit shall be computed as follows:

1. The average number of resident pupils educated at public expense on October 1st and April 1st of each school year, excluding full-time students in vocational education and special education programs, shall be used in the computation of aid as follows:

A. Multiply the average number of resident elementary pupils in the unit by the state average elementary per pupil cost. The amount to be distributed for the 1974-75 fiscal year only shall be $600 per pupil;

B. Multiply the average number of resident secondary pupils in the unit by the state average secondary per pupil cost. The amount to be distributed for the 1974-75 fiscal year only shall be $915 per pupil;





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C. Compute the operating cost for special education programs in the preceding year;

D. Compute the operating cost for vocational education programs in the preceding year;

E. Record expenditures of the preceding year for transportation of pupils. Reimbursement for such expenditures shall be limited to an amount not in excess of a 7% increase over the preceding year, except said limitation shall not apply to units that did not, in the preceding year, provide transportation for all students living beyond a reasonable walking distance from school;

F. Record the expenditures of the preceding year for capital outlay projects approved by the local unit and the State Board;

G. Record the expenditures of the preceding year for debt service projects which have been approved by the local unit and the State Board.

It is the intention of the Legislature that 40% of the cost of the capital outlay and debt service projects shall be paid from the uniform property tax and that 60% of the cost of such projects shall be paid from nonproperty tax revenues with the program being implemented over a 3-year period—50% State, 50% local in 1974-75, 55% State, 45% local in 1975-76 and 60% State, 40% local in 1976-77 and thereafter.

2. Total the amounts computed and recorded for subsection 1, paragraphs A to G. The sum thus obtained shall become the basis for allocation to the unit, subject to adjustments as defined below. If the unit's allocation exceeds the uniform property tax as set forth in Title 36, section 451, the commissioner shall authorize such payments minus the tax levied under Title 36, sections 451 and 453.

3. Adjustments to the allocation in subsection 1, paragraph A and subsection 1, paragraph B may be made as follows:

A. If the per pupil operating cost in the unit for the preceding year was less than the state average elementary or secondary per pupil operating cost, the per pupil allocation for elementary or secondary pupils respectively shall be limited to an increase of ⅓ of the difference between the per pupil operating cost of the unit and the state average elementary or secondary per pupil operating cost respectively;

B. If the per pupil operating cost in the unit for the preceding year is above the state average elementary or secondary per pupil operating cost, the per pupil allocation for elementary or secondary pupils respectively shall be frozen at ¼ the difference between the state average elementary or secondary per pupil operating cost respectively and the local average elementary or secondary per pupil operating cost respectively expended during the 1973-74 school year or the state elementary or secondary average per pupil allocation respectively, whichever is greater. Each unit may appropriate additional local funds to maintain its average elementary or secondary per pupil operating costs as computed for the 1973-74 school year;

C. If the unit is declared to be geographically isolated by the State Board of Education, the board shall adjust, at its discretion, the per pupil allocation to that unit to meet the educational needs of that unit, except that no adjustments shall be made until the local additional appropriations, as specified in subsection 7, have been used and are shown to be inadequate;

D. When a unit enrolls pupils who reside on land under control of the Federal Government, or any agency thereof, or on a Federal Military Reservation, such pupils shall not be considered as resident pupils for subsidy purposes. Special arrangements may be made by the State or any school





administrative unit, or both, to provide elementary and secondary school privileges in cooperation with the United States Government for a child or children residing on land under control of the Federal Government, or any agency thereof, or on a Federal Military Reservation. Every unit eligible to receive assistance in federally affected areas shall annually file application to receive such funds. The State Board of Education may withhold aid from any unit which fails to apply for federally impacted area funds for which the unit is eligible.

E. Whenever a unit's school tax rate for the proceding year is less than the school tax rate determined by the State Tax Assessor as required in sections 451 and 453 of Title 36 and the sum levied by the State Tax Assessor is greater than the unit's school tax rate of the preceding year by more than 2½ mills on state valuation adjusted to 100%, the unit's allocation shall be adjusted as set forth below. A unit's school tax rate shall be determined by dividing the amount appropriated for school purposes from property taxes, less any adjustment made under this subsection, by state valuation adjusted to 100%.

To the unit's allocation as determined in subsection 2 and this subsection, shall be added a sum equal to the difference between the unit's school appropriation of the preceding year plus 2½ mills and the amount required by the State Tax Assessor in Title 36, sections 451 and 453. A unit's school tax rate as adjusted under this subsection shall be used in determining whether or not future adjustments shall be made in subsequent years. Any adjustment paid to a unit as a result of this subsection shall be credited to the general fund of the unit and may be used for municipal purposes upon proper authorization by that unit. An adjustment under this subsection is not subject to subsections 8 and 9.

4. Allocations in the months of July through November shall be based on the October 1st and April 1st average number of resident pupils of the preceding year.

5. Allocations in the months of July through November shall be based on the state average per pupil operating cost of the 2nd year preceding allocation adjusted by a 7½% increase.

6. Allocations shall be subsequently adjusted to give each unit its proper allocation based upon the preceding year's state average cost and the number of resident pupils in the current year.

7. The legislative body of the administrative unit may, in addition to any local funds raised and appropriated under subsection 3, paragraph B, authorize an additional expenditure per pupil for either elementary or secondary pupils, or both, not to exceed a local appropriation of 2½ mills on the state valuation of the unit adjusted to 100% valuation. For each mill authorized by the local unit for elementary or secondary pupils, or both, the state shall distribute $50 per pupil, or a prorated portion thereof, for each portion of a mill appropriated by the unit within the unit's fiscal year. Whenever a unit has authorized an additional school levy under this section, it shall pay to the Treasurer of State that part of its appropriation which is in excess of $50, multiplied by the average number of pupils on October 1st and April 1st of the preceding year, times the authorized additional local school mill levy. The remaining sum shall be credited to the treasurer of the administrative unit.

8. Notwithstanding any other public or private statute to the contrary, all money allocated for school purposes must be expended for school purposes only.

9. Balances of allocations at the end of the year may be carried forward to meet the next year's school needs in an amount not to exceed 10% of the total allocation of the year just completed. Any excess above this amount shall be returned to the Treasurer of State.



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**Sec. 2. R. S., T. 20, § 220, amended.** Section 220 of Title 20 of the Revised Statutes, as amended by section 2 of chapter 425 of the public laws of 1967, is further amended by adding at the end the following:

Each unit shall file with the commissioner a description of the transportation services provided in that unit during the 1973-74 school year. Such a description shall be in the format which the commissioner shall prescribe. Additional transportation services and the purchase of new buses shall be accomplished in the most economical manner that is consistent with the welfare and safety of pupils.

**Sec. 3. R. S., T. 20, § 358, amended.** Section 358 of Title 20 of the Revised Statutes is amended by adding a new paragraph at the end to read as follows:

Each unit shall file with the commissioner a description of the transportation services provided in that unit during the 1973-74 school year. Such a description shall be in the format which the commissioner shall prescribe. Additional transportation services and the purchase of new buses shall be accomplished in the most economical manner that is consistent with the welfare and safety of pupils.

**Sec. 4. R. S., T. 20, § 3561, amended.** Section 3561 of Title 20 of the Revised Statutes, as amended, is further amended by adding at the end the following:

Each unit shall file with the commissioner a description of the transportation services provided in that unit during the 1973-74 school year. Such a description shall be in the format which the commissioner shall prescribe. Additional transportation services and the purchase of new buses shall be accomplished in the most economical manner that is consistent with the welfare and safety of pupils

**Sec. 5. R. S., T. 20, c. 512, repealed.** Chapter 512 of Title 20 of the Revised Statutes, as enacted by section 2 of chapter 496 of the public laws of 1969, and as amended, is repealed.

**Sec. 6. R. S., T. 36, § 451, repealed and replaced.** Section 451 of Title 36 of the Revised Statutes, as amended, is repealed and the following enacted in place thereof:

§ 451. Rate of tax

The Commissioner of Educational and Cultural Services, with the approval of the State Board of Education, shall annually, prior to February 15th, certify to the State Tax Assessor 50% of the estimated total public school education costs in 1973-74 and thereafter, for the current school year to be completed. For the necessary expenses of local and state government, a tax is assessed at a rate that is equivalent to 50% in 1973-74 and thereafter, of the estimated total state public school education costs divided by the total of the most recent state valuation adjusted upward to the nearest quarter mill as filed under section 381 to 100% valuation plus 7¾ mills on the dollar applied to a 100% valuation for the property tax year commencing April 1, 1974; 9¼ mills effective April 1, 1975; 10¾ mills effective April 1, 1976; 12¼ mills effective April 1, 1977; and 13¾ mills effective April 1, 1978 and every year thereafter upon each municipality, township and each lot and parcel not included in any township in the State. In any event, such rate shall never exceed whatever shall from time to time be the weighted average municipal tax rate. The "weighted average municipal tax rate" means the total municipal property taxes levied state-wide for the previous year, as determined by the State Tax Assessor from the annual return of municipal assessors pursuant to section 383, divided by the state valuation of municipalities in effect for the previous year adjusted to a 100% basis. The valuation as determined by the State Tax Assessor, as set forth in the statement filed by him as provided by section 381, shall be the basis for the computation and apportionment of the tax assessed.



**Sec. 7. R. S., T. 36, § 453, repealed and replaced.** Section 453 of Title 36 of the Revised Statutes, as amended by section 7 of chapter 616 of the public laws of 1971, is repealed and the following enacted in place thereof:

§ 453. Payment of state tax by municipalities

The Treasurer of State, in his said warrants, shall require the said mayor and aldermen, selectmen or assessors, respectively, to pay or to issue their several warrants requiring the collectors of their several municipalities to collect and to pay to the treasurers of their respective municipalities the sums against said municipalities required by this subchapter.

Said municipal treasurer shall pay to the Treasurer of State a sum equivalent to that portion of the tax levied under section 451 which is based upon a percentage of public school education costs which exceeds the allocation to the unit as computed under Title 20, section 3713. Said municipal treasurer shall pay to the treasurer of the School Administrative District or community school district in quarterly installments that portion of the tax levied under section 451 of public school education costs which is not in excess of the allocation to the unit as computed under Title 20, section 3713.

The balance of the sums so assessed in each municipality shall be disbursed by the treasurer thereof for necessary expenses of local government as determined or appropriated for the public welfare within the purposes specified in Title 30, which Title sets forth these purposes for the public welfare for which municipalities are themselves authorized to raise money by taxation. For the year 1974, the municipal treasurer shall pay ½ the sum provided for in this section to the Treasurer of State. Payments in 1974 shall be in 2 equal installments payable on or before the last day of September and the last day of December. For the year 1975 and thereafter, payments shall be made to the Treasurer of State in equal quarterly installments payable on or before the 15th day of March, June, September and December.

**Sec. 8. R. S., T. 36, § 891-A, additional.** Title 36 of the Revised Statutes is amended by adding a new section 891-A to read as follows:

§ 891-A. School subsidies withheld from delinquent municipalities

When any state tax assessed upon any city, town or plantation remains unpaid, such city, town or plantation may be precluded from drawing from the Treasurer of State the school subsidy set apart for such city, town or plantation so long as such tax remains unpaid.

**Sec. 9. R. S., T. 20, § 1293, repealed.** Section 1293 of Title 20 of the Revised Statutes, as repealed and replaced by chapter 221 of the public laws of 1971, is repealed.

**Sec. 10. R. S., T. 20, c. 117, repealed.** Chapter 117 of Title 20 of the Revised Statutes, as last repealed and replaced by section 23 of chapter 530 of the public laws of 1971, and as amended, is repealed.

**Sec. 11. R. S., T. 20, § 2356-B, sub-§ 1, amended.** The first paragraph of subsection 1 of section 2356-B of Title 20 of the Revised Statutes, as enacted by section 3 of chapter 440 of the public laws of 1965, is amended to read as follows:

~~County tax percent of the~~ **The** cost of constructing and equipping ~~subsequent to the effective date of this Act~~ a building or buildings to be used for the maintenance and operation of a regional technical and vocational center which is approved in accordance with section 2356-A **shall be reimbursed to the unit in accordance with sections 3457 to 3460.**



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**Sec. 12. R. S., T. 20, § 2356-B, sub-§ 2, amended.** The first sentence of subsection 2 of section 2356-B of Title 20 of the Revised Statutes, as enacted by section 3 of chapter 440 of the public laws of 1965, is amended to read as follows:

~~Two thirds of the~~ **The excess** cost of instruction **as defined in section 3712** in approved technical and vocational classes maintained on the secondary level through grade 12 ~~and over~~ **shall be reimbursed. Ninety percent** of the costs of instruction for approved part-time and evening classes for out-of-school youth and adults **shall be reimbursed.**

**Sec. 13. R. S., T. 20, § 2405, amended.** Section 2405 of Title 20 of the Revised Statutes, as repealed and replaced and as amended, is further amended by adding at the end a new sentence to read as follows:

**Authorization to reimburse units for programs operated under this section is rescinded effective January 1, 1974.**

**Sec. 14. R. S., T. 20, § 3456, repealed and replaced.** Section 3456 of Title 20 of the Revised Statutes, as amended, is repealed and the following enacted in place thereof:

**§ 3456. Reorganized districts**

**Reorganized districts shall maintain:**

**1. Program. A program which includes kindergarten through grade 12;**

**2. Secondary facility. Whenever a district enrolls more than 700 pupils in grades 9 through 12, said district may operate more than one 4-year school. Whenever a district enrolls fewer than 700 pupils in grades 9 through 12, it must house the pupils in grades 10 through 12 in one facility within 4 years from the date of the district's formation. A district may meet the requirement of providing a secondary facility by contracting with another unit or with a private academy for a term of from 5 to 20 years. Said facilities may be constituted as 4-year schools, or combined with grades 7 and 8 to form a 6-year school or 2 or more 3-year schools, except for children living remote from a public school as provided in section 912.**

**Sec. 15. R. S., T. 20, § 3457, amended.** Table II of section 3457 of Title 20 of the Revised Statutes, as enacted by section 2 of chapter 475 of the public laws of 1965 and as repealed and replaced by section 3 of chapter 500 of the public laws of 1971, is repealed and the following enacted in place thereof:

**TABLE II**

**Each administrative unit shall be reimbursed the sums expended for capital outlay projects which have been approved in accordance with sections 3457 to 3460. The unit shall be reimbursed the amount of debt service which has been incurred on all approved school construction projects. Construction reimbursements shall be scheduled so that payments may be made in accordance with the payment schedules established by the administrative units. It is the intention of the Legislature, as expressed section 3711, that 50% of the cost of construction shall be paid from a uniform property tax assessed against all the municipalities in the State and that 50% of the cost of construction shall be paid from nonproperty tax revenues, with the program being implemented over a 3-year period—50% State, 50% local in 1974-75 and thereafter.**

**Sec. 16. Appropriation.** There is appropriated to the Department of Educational and Cultural Services the sum of $89,512,778 for the fiscal year ending June 30, 1975, to carry out the purposes of this Act.





EDUCATIONAL & CULTURAL SERVICES, DEPARTMENT OF

From the General Fund $89,512,778

**Sec. 17. Effective date.** This Act shall become effective January 1, 1974, except for payment of aid to administrative units, which shall become effective July 1, 1974.

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IN HOUSE OF REPRESENTATIVES,.....1973

Read twice and passed to be enacted.

.....*Speaker*

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IN SENATE,.....1973

Read twice and passed to be enacted.

.....*President*

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Approved.....1973

.....*Governor*

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Act No. 101
Public Acts of 1973
Approved by Governor*
August 14, 1973

*Item Vetoes
Section 21 (4)
Section 21 (5)
Section 27 (3)

STATE OF MICHIGAN

77TH LEGISLATURE

REGULAR SESSION OF 1973

Introduced by Senators Bursley, Stamm, Faust, Gray, Ballenger, McCollough, VanderLaan, Plawecki, Bouwsma, Pittenger, Rockwell, Lodge, Pursell, Bowman, Richardson, Zaagman, Youngblood, Zollar, DeMaso, O'Brien, Cartwright and Fitzgerald

# ENROLLED SENATE BILL No. 110

AN ACT to amend sections 1, 5, 11, 21, 23, 25, 43, 45, 51, 61, 75, 77, 78, 81, 101, 102, 111, 114, 116, 117, 142, 171 and 173 of Act No. 258 of the Public Acts of 1972, entitled as amended "An act to make appropriations for the purpose of aiding in the support of the public schools and the intermediate school districts of the state; to provide for the disbursement of the appropriations; to permit school districts to borrow and to regulate the effect thereof; to provide for issuance of bonds and other evidences of indebtedness by the state; to provide penalties for violation of the act; to supplement the school aid fund by the levy and collection of certain taxes; and to repeal certain acts and parts of acts," section 5 as amended by Act No. 53 of the Public Acts of 1973, being sections 388.1101, 388.1105, 388.1111, 388.1121, 388.1123, 388.1125, 388.1143, 388.1145, 388.1151, 388.1161, 388.1175, 388.1177, 388.1178, 388.1181, 388.1201, 388.1202, 388.1211, 388.1214, 388.1216, 388.1217, 388.1242, 388.1271 and 388.1273 of the Compiled Laws of 1970; to add sections 22, 26, 27, 35a, 39a, 46, 47, 48, 83, 84 and 137, and to repeal certain acts and parts of acts.

*The People of the State of Michigan enact:*

Section 1. Sections 1, 5, 11, 21, 23, 25, 43, 45, 51, 61, 75, 77, 78, 81, 101, 102, 111, 114, 116, 117, 142, 171 and 173 of Act No. 258 of the Public Acts of 1972, section 5 as amended by Act No. 53 of the Public Acts of 1973, being sections 388.1101, 388.1105, 388.1111, 388.1121, 388.1123, 388.1125, 388.1143, 388.1145, 388.1151, 388.1161, 388.1175, 388.1177, 388.1178, 388.1181, 388.1201, 388.1202, 388.1211, 388.1214, 388.1216, 388.1217, 388.1242, 388.1271 and 388.1273 of the Compiled Laws of 1970, are amended and sections 22, 26, 27, 35a, 39a, 46, 47, 48, 83, 84 and 137 are added to read as follows:

Sec. 1. This act shall be known and may be cited as the "Gilbert E. Bursley school district equalization act of 1973".

Sec. 5. (1) "State board" means the state board of education.

(2) "Intermediate board" means the board of education of an intermediate school district.

(3) "Board" means the board of education of a local school district.

(4) "Intermediate superintendent" means the superintendent of an intermediate school district.

(5) "District superintendent" means the superintendent of a local school district.

(6) "District" means a local school district.

(7) "School code of 1955" means Act No. 269 of the Public Acts of 1955, as amended, being sections 340.1 to 340.984 of the Michigan Compiled Laws.

(8) "Pupil" means a child in membership in a public school.



(9) "Elementary pupil" means a pupil in membership in grades K-8 in a district not maintaining classes above the eighth grade or in grades K-6 in a district maintaining classes above the eighth grade.

(10) "High school pupil" means a pupil in membership in grades 7-12, except in a district not maintaining grades above the eighth.

(11) "Membership" means the number of full-time equivalent pupils as determined by the number of pupils registered for attendance plus pupils received by transfer and minus pupils lost as defined by rules promulgated by the state board.

(12) "Full-time membership" means the average of all pupils in grades K-12 actually enrolled and in regular daily attendance on the fourth Friday of September and the first Friday of May of each school year, except that, in a school district operating an extended school year program approved by the state board of education, a pupil enrolled, but not scheduled to be in regular daily attendance on the count day, shall be counted. The department shall give a uniform interpretation of the full-time membership and memberships other than full-time. The multi count date will not take effect until the 1974-75 school year. Full-time membership for the 1973-74 school year means all pupils in grades K-12 actually enrolled and in regular daily attendance on the fourth Friday following Labor day of the school year.

(13) "Elementary tuition pupil" means a child of school age attending school in grades K-6 in a district other than of his residence and whose tuition is paid by the board of the district of his residence or a child enrolled in grades 7 or 8 in a district not operating grades above the eighth.

(14) "High school tuition pupil" means a child of school age attending school in grades 7 or 8 in a district other than of his residence which maintains grades above the eighth or in grades 9-12 in a district other than of his residence and whose tuition is paid by the board of the district of his residence.

(15) "Department" means the state department of education.

(16) "Intermediate district" means an intermediate school district.

(17) "Vocational education" means education programs approved for funding under chapter 6, or under the federal vocational education act of 1963, Public Law 88-210, or both, and includes programs described as "occupational education" and "career development" in other acts.

(18) "Extended school year" means an educational program conducted by a local school district in which students must be enrolled but not necessarily in attendance, on the fourth Friday of September in an extended year program. The mandatory days of student instruction and prescribed clock hours must be completed by each student not more than 365 calendar days after his first day of classes for the school year prescribed. The department shall prescribe pupil, personnel and other reporting requirements for the educational program.

Sec. 11. There is appropriated from the school aid fund established by section 11 of article 9 of the constitution of the state for the fiscal year ending June 30, 1974, and for each fiscal year thereafter, the sum necessary to fulfill the requirements of this act. There is appropriated from the general fund for the fiscal year ending June 30, 1974, and for each fiscal year thereafter, the sum necessary to meet any deficiency. The appropriation shall be allocated as provided in this act.

Sec. 21. (1) Except as otherwise provided in this act, from the amount appropriated in section 11 there is allocated to every district a sum determined as provided in this subsection.

The sum allocated to each school district shall be an amount per membership pupil to be computed by subtracting, from $38,000.00 in 1973-74, $39,000.00 in 1974-75 and $40,000.00 in 1975-76, the district's state equalized valuation behind each membership pupil and then multiplying the resulting difference by the tax levied for purposes included in the operation cost of the district as defined in section 112, up to and including 22 mills in 1973-74, 25 mills in 1974-75 and without limitation thereafter.

A tax levied pursuant to subdivision (b) of subsection (4) of section 681 of the school code of 1955, as amended, being section 340.681 of the Michigan Compiled Laws, for the retirement of an operating deficit shall be considered levied for operating purposes in making computations under this section.

(2) A district levying 20 or more mills for operating purposes may receive for 1973-74, in lieu of the amount computed under subsection (1), an amount per membership pupil equal to the membership aid per pupil received for 1972-73 minus 20 mills multiplied by the increase in state equalized valuation behind each pupil in 1973-74 over 1972-73. This subsection shall expire June 30, 1974.

(3) A district levying less than 20 mills for operating purposes may utilize for the purpose of computing its allocation under subsection (1) an amount of operating millage equal to the amount levied plus 2/3 in 1973-74 and 1/3 in 1974-75 of the amount by which 20 mills exceeds the amount levied. This subsection shall expire June 30, 1975.

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(4) A district shall not receive less revenue per membership pupil from this section and the district's state equalized valuation per membership pupil multiplied by the 1972-73 millage levied for operating purposes than it received from subsection (2) for 1972-73 and the district's 1972-73 state equalized valuation per membership pupil multiplied by the 1972-73 millage levied for operating purposes.

(5) Each district levying over 30 mills for operating purposes in 1972-73 shall receive, for 1973-74, 1974-75 and 1975-76, an additional allowance equal to the multiple of the difference between the 1972-73 millage levied for operating purposes and 30 mills, the state equalized valuation of the district, and .25 for 1973-74, .5 for 1974-75 and .75 for 1975-76, provided the 1973-74 operating millage of the district is no greater than the 1972-73 operating millage reduced by the multiple of .25 and the difference between the 1972-73 operating millage and 30 mills, the 1974-75 operating millage of the district is no greater than the 1972-73 operating millage reduced by the multiple of .5 and the difference between the 1972-73 operating millage and 30 mills, and the 1975-76 operating millage of the district is no greater than the 1972-73 operating millage reduced by the multiple of .75 and the difference between the 1972-73 operating millage and 30 mills. Not more than $5,000,000.00 in 1973-74, $10,750,000.00 in 1974-75 and $17,350,000.00 in 1975-76, shall be allocated under this subsection.

(6) Whenever 2 or more districts are reorganized into a single district, either through a procedure of annexation or consolidation, the amount of state aid to be received by the new district during the 2 years immediately subsequent to the annexation or consolidation shall not be less than the total sum of state aid which was earned by all the districts forming the new district during the last fiscal year in which the districts received aid as separate districts, except that no more than $400,000.00 shall be allocated under this subsection.

Sec. 22. A district levying an excise tax upon income pursuant to section 689 of the school code of 1955, being section 340.689 of the Michigan Compiled Laws, shall be credited, in computing its membership aid under section 21, with 6.5 mills for a tax equal to 50% of the liability of the corporation or resident individual for a 2% city income tax, and with a proportionate lesser number of mills or fractions of mills for a tax equal to less than 50% of such liability.

Sec. 23. The department shall disburse school aid based on a $836.00 allowance per membership pupil to the department of corrections for all inmate pupils enrolled in K-12 educational programs.

Sec. 25. The valuations of any district shall be reduced under the following conditions and in the following manner:

(a) An application may be filed by the district in form and content as described by the department showing the total taxes levied on property located within the district by all taxing agencies including the school district but excluding taxes levied for school operating purposes.

(b) Using the total taxes for the prior year as last reported by the state tax commission for the entire state but excluding taxes levied for school operating purposes, the department shall determine the tax rate for the entire state. It shall determine the tax rate for the applicant district by dividing the figure obtained in subdivision (a) by the district's prior year valuation.

(c) If the resulting tax rate for the applicant district is 125% or more of the resulting tax rate for the districts of the state, the valuation of the applicant district shall be reduced by the percent by which the resulting tax rates in the applicant district exceeds 125% of the resulting tax rates in all districts of the state. Not more than $24,000,000.00 shall be allocated as the result of reduction of valuation under this section.

Sec. 26. A district qualifying for funding under more than 1 of the special provisions of subsections (2), (3), (4), and (6) of section 21 or section 25 shall be funded under whichever special provision provides the greatest amount of funding, but a district shall not be funded under more than 1 of these special provisions.

Sec. 27. (1) From the amount appropriated in section 11 there is allocated to applicant local school districts operating a kindergarten through twelfth grade program, funds to be used in paying debt service obligations incurred as the result of borrowing for capital outlay projects and in meeting building and site fund requirements. The purpose, use, and expenditure of these funds shall be limited as if the funds were generated by ad valorem taxes levied for debt service and building and site purposes.

(2) The reimbursements under this section shall be based on prior year membership, obligation of a district for debt service, taxes levied for building and site purposes, taxes levied for repayment of loans from the state pursuant to article 9, section 16 of the state constitution of 1963, and operational levies, or equivalent.



(3) In 1973-74, the number of mills to be equalized shall be computed:

(a) By dividing the amount of the district's total obligation for debt service, and building and site by the membership, and dividing the result by $37,000.00;

(b) By adding 1 mill for payments due to the state, when applicable, for loans pursuant to article 9, section 16 of the state constitution of 1963;

(c) The number of mills when added to the operational millage shall not exceed 20 mills.

The maximum amount reimbursable to an entitled district shall be computed by multiplying the millage to be equalized by the membership and then multiplying the product by the amount by which $37,000.00 exceeds the state equalized valuation per membership pupil of the district.

(4) In 1974-75, the number of mills to be equalized shall be computed:

(a) By dividing the amount of the district's total obligation for debt service, and building and site by the membership, and dividing the result by $38,000.00;

(b) By adding 1 mill for payments due to the state, when applicable, for loans pursuant to article 9, section 16 of the state constitution of 1963;

(c) The number of mills when added to the operational millage shall not exceed 22 mills.

The maximum amount reimbursable to an entitled district shall be computed by multiplying the millage to be equalized by the membership and then multiplying the product by the amount by which $38,000.00 exceeds the state equalized valuation per membership pupil of the district.

(5) In 1975-76, the number of mills to be equalized shall be computed:

(a) By dividing the amount of the district's total obligation for debt service, and building and site by the membership, and dividing the result of $39,000.00.

(b) By adding 1 mill for payments due to the state when applicable, for loans pursuant to article 9, section 16 of the state constitution of 1963;

(c) The number of mills when added to the operational millage shall not exceed 25 mills.

The maximum amount reimbursable to an entitled district shall be computed by multiplying the millage to be equalized by the membership and then multiplying the product by the amount by which $39,000.00 exceeds the state equalized valuation per membership pupil of the district.

(6) No district shall receive both an allocation under this section and section 21(3) and (4). The option shall be subject to the decision of the local school board.

(7) The funds shall be distributed to and receipt had by the district prior to February 1. Any law or school board action to the contrary notwithstanding, the school debt service and building and site millage authorized and levied by a school district shall be reduced, in any fiscal year funds are received under this section, by an amount equal to that in excess of that necessary to be levied in the district in that year to produce the amount of funds which together with other available funds including funds the district receives under this section equals the funds necessary to pay debt service and building and site requirements for that fiscal year, including payments due the state for loans pursuant to article 9, section 16 of the state constitution of 1963. If not reduced as herein provided, the district shall forfeit and repay funds received by it, under this section, which together with other available funds exceeds that necessary to pay debt service and building and site requirements for that fiscal year, including payments due the state for loans pursuant to article 9, section 16 of the state constitution of 1963, to the state and the state may withhold other funds due the district to enforce this provision. This requirement shall not prohibit the eligibility of the district to elect to borrow from the state under Act No. 108 of the Public Acts of 1961, as amended, being sections 388.951 to 388.963 of the Michigan Compiled Laws.

(8) For purposes of compliance with Act No. 108 of the Public Acts of 1961, as amended, that a district repaying a loan levy at least 7 mills, the district shall be considered to be levying the millage necessary to yield locally the amount yielded by the actual millage levied including state equalization.

(9) For purposes of application and entitlement for loan under Act No. 108 of the Public Acts of 1961, as amended, the actual millage levied shall control. A district levying 7 or more mills for building and site and debt service, exclusive of the 1 mill for payments due to the state for loans pursuant to article 9, section 16 of the state constitution of 1963, shall not be required to levy the 1 mill for payments due to the state for loans pursuant to article 9, section 16 of the state constitution of 1963, but shall be required to levy, consistent with the provisions of Act No. 108 of the Public Acts of 1961, as amended, millage which together with state equalization, if any, of that millage, would yield 10% of the difference between the yield of 7 mills as equalized and the debt service payment required.

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(10) A district levying less than 7 mills for debt service shall not receive, for that fiscal year, funds under both this section and section 2 of Act No. 108 of the Public Acts of 1961, as amended, being section 388.952 of the Michigan Compiled Laws.

Sec. 35a. The superintendent of public instruction may disallow deductions from state aid payments due to the inability of a school district to verify maintenance of effort eligibility and adhere to budget line item limitations under this chapter for the school year 1970-71.

Sec. 39a. For the fiscal year 1973-74, the total of the moneys unearned by the respective school districts, on the basis of their 1972-73 program results, shall be used by the state board of education for reallocation to participating school districts in the 1972-73 program. The reallocations shall be made in amounts per district prorated as prescribed in section 37. Subject to approval by the state board of education, the reallocation shall be made on the condition that the districts provide a different educational delivery system than was provided for students who did not achieve 75% of prescribed minimum performance objectives in 1972-73. Approval of the educational delivery systems shall be made upon the condition that the students achieve 75% of their prescribed performance objectives for 1973-74. The state board of education shall develop guidelines to determine minimum criteria for qualification of a district for this program and for the implementation of the provisions of this section. The state board of education may use up to 2% of the total reallocated funds for the employment of an external and independent agency for monitoring the contractual arrangements and validating the results thereof. Up to 2.5%, but not to exceed $100,000.00, shall be used by the department of education to develop and implement a cost-effectiveness study of Michigan compensatory education programs. Unearned funds where participation is not desired by a district in the provisions of this section shall revert to the school aid fund.

Sec. 43. (1) Districts offering reading support service programs approved by the department are entitled to 75% of the actual cost of the salary, not to exceed $8,100.00 for any individual salary of a reading support service teacher approved by the department. The state board may provide by rules for the maximum number of pupils per teacher to be counted. From the total appropriated in section 11, there is allocated not to exceed $4,000,000.00 for reading support service programs to be used for teachers' salaries. A school district funded under section 31 shall not receive funds under this section except that each section 31 district shall receive under this section an amount equal to the funds received under this section and section 44 for 1972-73 if it continues to employ at least the same number of reading support service teachers. For school districts funded under section 31, if the number of reading support service teachers employed in 1973-74 is less than the number employed in 1972-73, a proportionate reduction shall be made in the funds for the district.

(2) School districts providing reading support services under the provisions of this section shall submit, as part of their application for approval, performance objectives for their reading programs, and shall provide annually to the department of education the results of an external evaluation and audit based upon the previously submitted objectives. The report shall include, when appropriate, a summary by grade, of pupil scores on pretests and post tests. The annual program external evaluation and audit requirements shall be described by rules promulgated by the state board of education.

(3) The department of education shall publish annually a descriptive list of school district reading support programs having demonstrated above average pupil gain scores.

(4) One percent of the total allocated in this section shall be appropriated to the department of education for administration and evaluation.

Sec. 45. The state board shall survey the need for and feasibility of special programs for academically talented children, implementing the fullest utilization of any federal funds that may be available for this purpose and shall make recommendations to the 1974 legislature for such supplementary state funding as may be required to meet this need.

Sec. 46. From the amount appropriated in section 11 there is allocated not to exceed $500,000.00 to the neighborhood education authority for the purpose of allocation to applicant domestic nonprofit corporations to operate neighborhood education centers, as defined by Act No. 39 of the Public Acts of 1970, being sections 388.1071 to 388.1076 of the Michigan Compiled Laws. Applicants shall submit detailed plans of operation to the neighborhood education authority and receive the authority's approval.

Sec. 47. From the amount appropriated in section 11 there is allocated not to exceed $150,000.00 to applicant districts for the purpose of experimenting with, evaluating and reporting upon programs of special instruction for children who are academically talented or gifted in terms of uniquely high intelligence or special ability to such a degree that their academic potential might not be realized in a normal instruction setting.

Sec. 48. From the amount appropriated in section 11, there is allocated not to exceed $500,000.00 to applicant districts or intermediate districts for nonresidential alternative juvenile rehabilitation programs, which shall be defined as programs for children and youth who have been found to need remedial academic and social rehabilitative services. To be eligible for funding of salaries from legislative appropriations the county board of commissioners of the county in which the program is conducted or the supervising school district shall, by resolution, agree to fund the balance of the cost of the program. The district or intermediate district in which the program is conducted shall be responsible in cooperation with the juvenile court of the county for supervising the program and the district may apply for state and federal moneys for reimbursement of $7,500.00 for the salary of each professional program personnel as required. The program shall be evaluated annually by the department of education.

Sec. 51. (1) There is authorized a program of not to exceed $100,000,000.00 for the purpose of reimbursing districts for special education programs, services and special education personnel as defined in the school code of 1955, including alternative education programs for pregnant persons approved by the department in accordance with Act No. 242 of the Public Acts of 1970, being sections 388.391 to 388.394 of the Michigan Compiled Laws, and programs for pupils handicapped by learning disabilities as defined by the department. An amount equal to the difference between the $17,000,000.00 of federal funds anticipated for the 1972-73 school year and the amount of federal funds actually received, but not to exceed $10,400,000.00, shall be distributed to the districts as reimbursement for programs conducted, services rendered and personnel employed in 1972-73.

(2) From the amount appropriated in section 11, there is allocated the sum of $84,000,000.00 which amount shall be augmented with not to exceed $16,000,000.00 of federal funds available under an agreement with the department of social services. Prior to December 1, 1973 and April 1, 1974 the department shall evaluate the availability of such federal funds, shall report to the districts and the intermediate districts thereupon and shall adjust the amount of subsequent statements prepared pursuant to section 17 of this act accordingly. Nothing in this section shall be construed as an expressed or implied statement of intent, on the part of the State of Michigan, to assume responsibility for any deficiency in anticipated federal funding.

(3) Reimbursement shall be at 75% of the actual cost of salaries, not to exceed $8,100.00 for any individual salary, for such programs and services as determined by the department, unless the appropriation made in this section exceeds the amount necessary to fund this scale of reimbursement, in which case the scale shall be prorated upward accordingly. Not later than March 1, 1974 the department shall prepare a written report for the legislature indicating the amount of federal moneys earned under the agreement with the department of social services from July 1, 1973 through June 30, 1974, and shall develop and report to the legislature a system for reimbursing special education programs and services on an added cost basis.

(4) Special education personnel transferred from 1 school district to another to implement the school code of 1955, as amended, shall be entitled to all rights, benefits, and tenure to which the person would otherwise be entitled had he been employed by the receiving district originally.

Sec. 61. From the amount appropriated in section 11, there is allocated the sum of $17,500,000.00 to reimburse districts and secondary area vocational centers for secondary-level vocational education programs on an added cost basis. The definition of what constitutes such programs and reimbursement shall be in accordance with rules promulgated by the department, and applications for participation in such programs shall be filed in the form prescribed by the department, which shall determine the added cost for each vocational program area. The allocation of added cost funds shall be based on the type of vocational programs provided, the number of students enrolled and the length of the training period provided. Such funds shall be utilized in conjunction with whatever federal funds may be available from the provisions of Public Law 88-210, the vocational education act of 1963, as amended.

Sec. 75. A district providing transportation for secondary school pupils to centers designated or approved as secondary area vocational centers by the department or to training facilities approved annually by the department to conduct jointly planned occupational programs according to criteria developed by the department shall be allowed an amount determined by the department but not to exceed 75% of the actual current cost of the transportation. Not more than $2,500,000.00 shall be distributed for transportation under this section.

Sec. 77. The department shall provide for a system of reimbursing costs incurred by districts for transportation within cities and villages of children living 1-1/2 or more miles from the schools they attend not otherwise eligible for reimbursement under this chapter, shall allocate $1,500,000.00 to such districts

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for initial implementation of the system in 1973-74 and shall make further recommendations to the 1974 legislature.

Sec. 78. Not more than $43,400,000.00 shall be distributed for transportation under this chapter.

Sec. 81. (1) From the amount appropriated in section 11, there is allocated to intermediate districts as established under the school code of 1955, the sum necessary but not to exceed $8,350,000.00 to provide state aid to intermediate districts. There shall be allocated to each intermediate district a sum obtained by multiplying the number of pupils in membership in the constituent districts of the intermediate district by $8.00 each, which shall be reduced by a sum equal to .2 mill on the state equalized valuation of the property in the intermediate district, or for any intermediate district having a fixed allocation of less than .2 mill adopted as a separate limitation pursuant to section 6 of article 9 of the state constitution of 1963, shall be reduced by a sum equal to the fixed allocation levied on the state equalized valuation of the property in the intermediate district. However, an intermediate district shall not receive less than a 10% increase, nor more than a $1.50 per pupil increase, in state aid under this subsection in 1973-74 over the state aid received under sections 81 and 82 in 1972-73.

(2) Intermediate districts formed by the consolidation or annexation of 2 or more intermediate districts or the attachment of a total intermediate district to another intermediate district shall be entitled to an additional allotment of $3,500.00 for each intermediate district included in the new district for a period of 3 years following consolidation, annexation or attachment.

Sec. 83. From the amount appropriated in section 11, there is allocated to intermediate school districts $700,000.00 to operate educational media centers in accordance with sections 291b to 291d of the school code of 1955, and the criteria established by the state board.

Sec. 84. From the amount appropriated in section 11 there is allocated not to exceed $650,000.00 to districts participating with intermediate districts in cooperative educational programming as provided in section 298a (1) of the school code of 1955. Each such district shall receive, upon application to and approval of the department, the amount paid by the district to the intermediate district operating the program, unless the allocation made in this section is not sufficient to pay out the aggregate of district claims, in which case the payments shall be prorated to a point where their aggregate does not exceed the amount allocated.

Sec. 101. (1) To be eligible to receive state aid under this act, on or before the seventh Friday after Labor day of each year, each district superintendent through the secretary of his board shall file with the intermediate superintendent a certified and sworn copy of the district's enrollment for the current school year. In addition, those districts maintaining school during the entire year, as provided under section 731 of the school code of 1955 shall file with the intermediate superintendent a certified and sworn copy of the enrollment for the current school year in accordance with rules established by the state board. In case of failure to file such sworn and certified copy on or before the seventh Friday after Labor day or in accordance with rules promulgated by the state board, state aid under this act shall be withheld from the defaulting district. A person who wilfully falsifies any figure or statement in the certified and sworn copy of enrollment shall be punished in the manner prescribed by the laws of this state.

(2) Each district shall provide a minimum of 180 days of student instruction. A district failing to hold 180 days of student instruction shall forfeit 1/180 of its total state aid appropriation for each day of failure and a district failing to comply with rules promulgated by the state board which establishes the minimum time student instruction is to be provided to pupils for the regular school year shall forfeit from its total state aid appropriation an amount determined by applying a ratio of the time duration the district was in noncompliance in relation to the minimum time student instruction is required. Not later than August 1, the board shall certify to the department the number of days of student instruction in the previous school year. If the district did not hold at least 180 days of student instruction, the deduction of state aid shall be made in the current fiscal year. Days lost because of strikes or teachers' conferences shall not be counted as a day of student instruction. The state board shall promulgate rules for the implementation of this section.

(3) A district shall not be allotted or paid any sum under the provisions of this act in any year, if the department determines that at the end of the preceding fiscal year the amount of funds on hand in the district available for the payment of the operation cost in the district exceeded the amount of moneys expended for operation cost in the district during the preceding fiscal year.

Sec. 102. Districts receiving moneys under this act shall not adopt or operate under a deficit budget and a district shall not incur an operating deficit in any fund in any fiscal year. Each district shall submit its adopted budget for the current fiscal year to the department before November 1. If the department determines that the district is in violation of this section, the district shall not be allotted or paid any further sum under this act until a new budget is submitted and determined by the department to be in compliance with this section. However any district with a deficit as of June 30, 1973 that demonstrates progress in eliminating this deficit is not in violation of this section.

Sec. 111. Effective July 1, 1972, a district having tuition pupils enrolled on the fourth Friday of September of each year, shall charge the district in which the tuition pupils reside, tuition computed in accordance with section 582 of the school code of 1955. The resulting tuition rates shall be reduced by the gross per pupil membership guarantee provided under section 21 (1), except that a district receiving no membership allowance under section 21 (1) shall charge the full per capita operating cost determined in accordance with section 582. An additional allowance for nonresident pupils in part-time membership, shall be made to the district in an amount equal to the difference between the prorated per capita cost as determined in section 582 and the gross per pupil membership guarantee provided under section 21 (1).

Sec. 114. A child placed in a state institution by parents shall be counted in resident membership of the district in which the child is enrolled, and an additional allowance for such child shall be made to the district in the amount equal to the difference between the per capita cost as determined in section 582 of the school code of 1955 and the gross per pupil membership guarantee provided under section 21 (1).

Sec. 116. A district having American Indian children in attendance, who reside within the district and upon a United States government Indian reservation, shall be allowed in addition to the allowances provided by the other sections of this act an amount equal to the number of such children in attendance times 1/2 the tuition rate as computed in accordance with section 111 and in accordance with the provisions of the school code of 1955. A district receiving federal assistance under Public Law 81-874, as amended, shall not share in the allowances under this section.

Sec. 117. A district shall not be allotted or paid any sum under this act unless the district charges the legal amount of tuition, for all tuition pupils enrolled on the fourth Friday of September of each year from the districts in which the tuition pupils reside and has certified such fact to the department. If no district is legally liable for the payment of the tuition and the tuition has not been collected from the parents or guardians of the tuition pupils on or before May 1 of each year, the number of such pupils shall be deducted from the membership of the district and the allowances as provided in section 111 shall be recomputed accordingly. A district which enrolled and educated pupils who are residents of another district due to uncertainty as to the boundary of a district, and which serves notice to the resident district where such pupils must attend school in subsequent school years, shall not forfeit state aid membership allowances or recalculate allowances under sections 111 and 112 for the 1972-73 school year.

Sec. 137. Notes issued under sections 138 and 139 of this chapter shall not be subject to the conditions and restrictions set forth in sections 132, 133, and 134.

Sec. 142. (1) When a school district, in whole or in part, was attached to another district prior to January 1, 1969, as authorized by Act No. 239 of the Public Acts of 1967, as amended, being sections 388.711 to 388.720a of the Michigan Compiled Laws, the amount of state aid to be paid in the year 1973-74 to the district to which territory was attached shall be increased by $100.00 per pupil added as a result of such attachment in the year 1968-69 for the purpose of bringing about uniformity of educational opportunity for all the pupils of the district. The number of student residents of the attached areas and counted as resident students on September 27, 1968 shall serve as the basis for the payment of these funds.

(2) School districts receiving students under Act No. 239 of the Public Acts of 1967, as amended, and divided and attached between January 1, 1969 and July 1, 1969, shall be granted the sum of $77.50 per student resident of the area received as a direct result of the attachment. The money shall be deposited in the general fund account of the districts receiving the students and used for the purpose of bringing about uniformity of educational opportunity for all the pupils of the enlarged school district. The number of students each district receives under Act No. 239 of the Public Acts of 1967, as amended, shall be determined by a membership count as made by the department on September 26, 1969. Not more than $300,700.00 is allocated for the purposes of this subsection.

(3) Any funds owed to the attached district including but not limited to any overpayment of bills paid by the attached district, delinquent property taxes for operating purposes, reimbursement due the attached school district from the state for transportation and tuition or any funds due the district from federal or other state sources, or gifts received by or in behalf of the attached district shall be placed in the school aid fund.



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Sec. 171. The provisions of Act No. 136 of the Public Acts of 1945, as amended, being sections 38.201 to 38.358 of the Michigan Compiled Laws, requiring certification by the retirement boards of estimated aggregate compensations of school employers for the ensuing year and monthly payments by the state treasurer of the amount certified to him by the superintendent of public instruction are waived. The appropriations contained herein for such purposes shall be allocated by the budget director to the retirement systems quarterly pursuant of their certification of actual compensation received by school employees. Notwithstanding the provisions of Act No. 136 of the Public Acts of 1945, as amended, the appropriations contained herein are based upon 13% of the estimated aggregate compensation of school employees of the Detroit and Michigan public school employees' retirement systems. The employer contribution for current service and social security on aggregate salaries paid from federal funds to members of the Detroit and Michigan public school employees' retirement systems shall not be paid from the state's school aid fund but shall be paid from any federal or state funds otherwise payable to the school district.

Sec. 173. Pursuant to the provisions of section 27 of chapter I and section 45 of chapter 2 of Act No. 136 of the Public Acts of 1945, as amended, there is allocated from the amount appropriated in section 11 for the

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| MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM | | |
| 13% on estimated aggregate payroll of $1,553,308,000.00 | | $ 201,930,000.00 |
| For current obligation and unfunded accrued liability | $124,265,000.00 | |
| For social security | 77,665,000.00 | |
| For Chapter I retirees (per section 172) | | 2,215,000.00 |
| Subtotal | | $ 204,145,000.00 |
| DETROIT PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM | | |
| 13% on estimated aggregate payroll of $267,727,000.00 | | $ 34,805,000.00 |
| For current obligation and unfunded accrued liability | $ 21,418,000.00 | |
| For social security | 13,387,000.00 | |
| For Chapter II retirees (per section 172) | | 1,600,000.00 |
| Subtotal | | $ 36,405,000.00 |
| TOTAL | | $ 240,550,000.00 |

Section 2. Sections 44, 82, 94, 104 and 112 of Act No. 258 of the Public Acts of 1972, being sections 388.1144, 388.1182, 388.1194, 388.1204 and 388.1212 of the Compiled Laws of 1970, are repealed.

This act is ordered to take immediate effect.

Beryl J. Kenyon
Secretary of the Senate.

G. Thos. Thatcher
Clerk of the House of Representatives.

Approved _____

_____
Governor.

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HOUSE BILL NO. 428 HB 0423

INTRODUCED BY YARDLEY, GUNDERSON, COTTON
FASBENDER, HALL

SIGNED BY GOVERNOR - MARCH 17, 1973

AN ACT REQUIRING COUNTIES TO LEVY THE SAME BASIC TAX FOR FOUNDATION PROGRAM SUPPORT AND TO DEPOSIT SURPLUS FUNDS IN THE STATE EQUALIZATION AID ACCOUNT; PROVIDING AN INCREASED LEVEL OF STATE PARTICIPATION IN THE DEFICIENCY AND PERMISSIVE LEVIES FUNDING THE MAXIMUM-BUDGET-WITHOUT-A-VOTE OF ELEMENTARY AND SECONDARY SCHOOL DISTRICTS; PROVIDING A LIMITATION ON SCHOOL DISTRICT BUDGET INCREASES; AND AMENDING SECTIONS 75-6912, 75-6913, 75-6916, 75-6921, 75-6922, AND 75-6923, R.C.M. 1947.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE STATE OF MONTANA:

Section 1. Section 75-6912, R.C.M. 1947, is amended to read as follows:

"75-6912. Basic county tax and other revenues for county equalization of the elementary district foundation program. It shall be the duty of the county commissioners of each county to levy an annual basic tax of twenty-five (25) mills on the dollars of the taxable value of all taxable property within the county for the purposes of local and state foundation program support. The revenue to be collected from this levy shall be apportioned to the support of the foundation programs of the elementary school districts in the county and to the earmarked revenue fund, state equalization aid account, in the following manner: In order to determine the amount of revenue raised by this levy which is retained by the county, the sum of the estimated revenues identified in subsections (1) through (6) below shall be





subtracted from the sum of the county elementary transportation obligation and the total of the foundation programs of all elementary districts of the county. If the basic levy of twenty-five (25) mills produces more revenue than is required to finance the difference determined above, the county commissioners shall order the county treasurer to remit the surplus funds to the state treasurer for deposit to the earmarked revenue fund, state equalization aid account, not later than June 1 of the fiscal year for which the levy has been set.

The proceeds realized from the county's portion of the levy prescribed by this section and the revenues from the following sources shall be used for the equalization of the elementary district foundation programs of the county as prescribed in section 75-6914 and a separate accounting shall be kept of such proceeds and revenues by the county treasurer in accordance with subsection (1) of section 75-6805:

(1) the portion of the federal forest reserve funds distributed to a county and designated for the common school fund under the provisions of section 79-205, R. C. M., 1947;

(2) the portion of the federal Taylor Grazing Act funds distributed to a county and designated for the common school fund under the provisions of section 79-702, R.C.M., 1947;

(3) the portion of the federal flood control act funds distributed to a county and designated for expenditure for the benefit of the county common schools under the provisions of

section 79-2102, R. C. M., 1947;

(4) all moneys which are paid into the county treasury as a result of fines for violations of law and the use of which is not otherwise specified by law;

(5) any money remaining at the end of the immediately preceding school fiscal year in the county treasurer's account for the various sources of revenue established or referred to in this section; and

(6) any federal or state moneys distributed to the county as payment in lieu of the property taxation established by the county levy required by this section."

Section 2. Section 75-6913, R.C.M. 1947, is amended to read as follows:

"75-6913. Basic special levy and other revenues for county equalization of high school district foundation program. It shall be the duty of the county commissioners of each county to levy an annual basic special tax for high schools of fifteen (15) mills on the dollar of the taxable value of all taxable property within the county for the purposes of local and state foundation program support. The revenue to be collected from this levy shall be apportioned to the support of the foundation programs of high school districts in the county and to the earmarked revenue fund, state equalization aid account, in the following manner: In order to determine the amount of revenue raised by this levy which is retained by the county, the estimated revenues identified in





subsections (1) and (2) below shall be subtracted from the sum of the county's high school tuition obligation and the total of the foundation programs of all high school districts of the county. If the basic levy for fifteen (15) mills produces more revenue than is required to finance the difference determined above, the county commissioners shall order the county treasurer to remit the surplus to the state treasurer for deposit to the earmarked revenue fund, state equalization aid account, not later than June 1 of the fiscal year for which the levy has been set.

The proceeds realized from the county's portion of the levy prescribed in this section and the revenues from the following sources shall be used for the equalization of the high school district foundation programs of the county as prescribed in section 75-6914, and a separate accounting shall be kept of these proceeds by the county treasurer in accordance with subsection (1) of section 75-6805:

(1) any money remaining at the end of the immediately preceding school fiscal year in the county treasurer's account for deposit of the proceeds from the levy established in this section; and

(2) any federal or state moneys distributed to the county as a payment in lieu of the property taxation established by the county levy required by this section."

Section 3. Section 75-6916, R.C.M. 1947, is amended to read as follows:

"75-6916. Definition of and revenue for state equalization aid. There shall be paid into the earmarked revenue fund, for state equalization aid to public schools of the state, twenty-five per cent (25%) of all moneys received from the collection of income taxes under chapter 49 of Title 84, R. C. M., 1947, and twenty-five per cent (25%) of all moneys received from the collection of corporation license taxes under chapter 15 of Title 84, R.C.M., 1947, as provided by section 84-1901, R.C.M., 1947. In addition to these revenues, one-half (1/2) of the moneys received from the treasurer of the United States as the state's shares of oil and gas royalties under the Act of Congress of February 25, 1920 shall be paid into the same earmarked revenue fund. In addition to these revenues, the surplus revenues collected by the counties for foundation program support according to sections 75-6912 and 75-6913 shall be paid into the same earmarked revenue fund.

As used in this Title, the term "state equalization aid" shall mean those moneys deposited in the earmarked revenue fund as required in this section plus any legislative appropriation of moneys from other sources for distribution to the public schools for the purpose of equalization of the foundation program."

Section 4. Section 75-6921, R.C.M. 1947, is amended to read as follows:

"75-6921. Additional state levy for state deficiency. If the estimated state equalization level made under the provisions of





section 75-6920 is less than one hundred per cent (100%), it shall be the duty of the director of the department of revenue to levy, separately for the elementary districts and the high school districts, additional taxes in such number of mills on the taxable value of all taxable property within the state as shall be required to complete the financing of the foundation programs of all elementary districts or all high school districts of the state.

The state treasurer shall keep a separate accounting of the proceeds realized from these mill levies. The superintendent of public instruction shall apportion the proceeds of the mill levies to the elementary districts of the state or the high school districts of the state, whichever the case may be, on the following basis:

(1) Determine the total amount required from this source of revenue by the several elementary or high school districts of the state.

(2) Determine the total amount of moneys available for this source of revenue.

(3) Calculate the percentage the amount determined in subsection (2) is of the amounts determined separately in subsection (1) for all elementary or all high school districts.

(4) Multiply each elementary district or each high school district requirement for this source of revenue by the percentage calculated in subsection (3).

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When the total amount of the proceeds realized fro these mill levies is greater than the requirements of all the elementary districts or high school districts of the state, whichever the case may be, the excess amount of moneys shall be retained by the state for reduction of the ensuing year's additional state levy for elementary schools or high schools or, if there is no additional state levy under this section the excess may be transferred to the state equalization aid account for the reduction of the legislative appropriation.

The apportionment of state moneys under this section shall be known as the "additional state levy for state deficiency" and it shall be the last source of revenue in calculating the financing of the elementary district foundation program and the high school district foundation program.

The superintendent of public instruction shall compute the budgeted requirement this source of revenue for each district and shall supply the total state requirements for the elementary district foundation programs and the high school district foundation programs to the director of the department of revenue on the second Monday of August."

Section 5. Section 75-6922, R.C.M. 1947, is amended to read as follows:

"75-6922. Permissive levy. (1) Whenever the trustees of any district shall deem it necessary to adopt a general fund budget in excess of the foundation program amount but not in excess of the





maximum general fund budget amount for such district as established by the schedule in section 75-6905, the trustees shall adopt a resolution stating the reasons and purposes for exceeding the foundation program amount. The financing of such general fund budget amount shall be known as the "permissive levy," and it shall be financed by a levy on the taxable value of all taxable property within the district as prescribed in section 75-6926, supplemented with revenue from a levy on all the taxable property in the state.

(2) The district levies to be set for the purpose of funding the permissive amount are determined as follows:

(a) For each elementary school district, the county commissioners shall annually set a levy not exceeding nine (9) mills on all the taxable property in the district for the purpose of funding the permissive levy requirements of the district. If the amount of revenue raised by this levy is not sufficient to fully fund the district's permissive levy requirements, the amount of the deficiency shall be paid to the district from the earmarked revenue fund, permissive levy account, according to the provisions of subsection (3) of this section.

(b) For each high school district, the county commissioners shall annually set a levy not exceeding six (6) mills on all taxable property in the district for the purpose of funding the permissive levy requirements of the district. If the amount of revenue raised by this levy is not sufficient to fully fund the

district's permissive levy requirements, the amount of the deficiency shall be paid to the district from the earmarked revenue fund, permissive levy account, according to the provisions of subsection (3) of this section.

(3) The director of the department of revenue shall annually set a levy on all the property of the state which will produce enough revenue to fund the permissive levy deficiency of the elementary and high school districts of the state. The proceeds of this levy shall be deposited to the earmarked revenue fund, permissive levy account, and shall be distributed to the elementary and high school districts in accordance with their entitlements as determined by the superintendent of public instruction according to the provisions of subsections (1) and (2) of this section.

Such distribution shall be made in two payments. The first payment shall be made at the same time as the first distribution of state equalization aid is made after January 1 of the fiscal year. The second payment shall be made at the same time as the last payment of state equalization aid is made for the fiscal year. If sufficient revenue is not collected to completely cover the permissive levy requirement of the districts, each district will receive the same percentage of its total requirement. Surplus revenue in the permissive levy account shall be used to reduce the state levy required for the next succeeding fiscal year. Interest earned on investment of permissive levy funds





shall be deposited to the earmarked revenue fund, permissive levy account, for distribution during the next succeeding fiscal year."

Section 6. Section 75-6923, R.C.M. 1947, is amended to read as follows:

"75-6923. Additional levy for general fund and election for authorization to impose. The trustees of any district may propose to adopt a general fund budget in excess of the general fund budget amount for such district as established by the schedule in section 75-6905 for any of the following purposes:

(1) building, altering, repairing or enlarging any schoolhouse of the district;

(2) furnishing additional school facilities for the district;

(3) acquisition of land for the district;

(4) proper maintenance and operation of the school programs of the district.

However, the trustees may not adopt a total general fund budget which exceeds one hundred seven percent (107%) of the general fund budget for the preceding year, unless such budget is adopted under conditions as provided in sections 75-6723 through 75-6730, or under the following conditions:

(a) new programs which are approved under 75-6903 or existing programs which are expanded as a result of ANB increases approved under 75-6903;

(b) federal programs which are continued with local funds

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if federal funds are withdrawn or withheld.

In subsection (2)(a), above, the budget may exceed 107% of the preceding year's budget by a dollar amount equal to the increase in the maximum budget without a vote resulting from the introduction of the new or expanded program and in subsection (2(b), above, by a dollar amount not to exceed the amount received from federal sources for the preceding year. Nothing in this act shall prevent a school district from adopting a budget at least as large as the maximum budget without a vote as provided in section 75-6905.

When the trustees of any district determine that an additional amount of financing is required for the general fund budget that is in excess of the statutory schedule amount, the trustees shall submit the proposition of an additional levy to raise such excess amount of general fund financing to the electors who are qualified, under section 75-6410, to vote upon such proposition. Such special election shall be called and conducted in the manner prescribed by this Title for school elections. The ballot for such election shall state the amount of money to be raised by additional property taxation, the approximate number of mills required to raise such money, and the purpose for which such money will be expended, and it shall be in the following format:

PROPOSITION

Shall a levy be made in addition to the levies authorized by law in such number of mills as may be necessary to raise the sum



of (state the amount to be raised by additional tax levy), and being approximately (give number) mills, for the purpose of (insert the purpose for which the additional tax levy is made)?

☐ FOR the additional levy.

☐ AGAINST the additional levy.

If the election on any additional levy for the general fund is approved by a majority vote of those electors voting at such election, the proposition shall carry and the trustees may use any portion or all of the authorized amount in adopting the preliminary general fund budget. The trustees shall certify the additional levy amount authorized by such a special election on the budget form that is submitted to the county superintendent and the county commissioners shall levy such number of mills on the taxable value of all taxable property within the district as prescribed in section 75-6926, as are required to raise the amount of such additional levy.

Authorization to levy an additional tax under the provisions of this section shall be effective for only one school fiscal year and shall be authorized by a special election conducted before the first day of August of the school fiscal year for which it is effective. Only one such additional levy for the maintenance and operation of the school programs of a high school district may be imposed by a high school district in a given school fiscal year."

## Excerpts from the North Dakota Century Code as amended by Senate Bill 2026

ALLOCATIONS TO COUNTIES AND SUBDIVISIONS

### 57-58-01. Distribution to counties and local subdivisions.

**Note.**

Sections 1 and 2 of chapter 127, S. L. 1973, provided as follows:

"Section 1. School district replacement revenue—Legislative intent.—The legislative assembly intends that allocations to replace the revenue lost by school districts through the repeal of the personal property tax be made through the foundation program rather than through the formula provided in section 57-58-01. It is the further intent of the legislative assembly that the personal property replacement moneys for junior colleges continue to be made through the formula provided in section 57-58-01.

"Section 2. Certifications not to include school district replacement revenue.—The certifications of the state tax commissioner to the state treasurer in the year 1974, and each year thereafter, which are made pursuant to section 57-58-01, shall not include any personal property tax replacement revenue which would otherwise be due school districts, nor shall it include personal property tax replacement revenue related to county equalization fund levies and the per capita school tax, provided, however, that such certifications shall include any amounts due school districts for junior colleges of such districts. The certification of the county auditor of each county to the state tax commissioner in the year 1974 and each year thereafter, as provided in section 57-58-01, shall not include any amount for taxes levied for school districts or the county equalization fund except for amounts due such districts for junior colleges."

Section 14 of chapter 127, S. L. 1973, provided that the provisions of sections 1 and 2 shall be effective during the period beginning July 1, 1973, and ending June 30, 1975.

**15-40.1-06. Declaration of legislative intent.**—It is the intent of the legislative assembly to support elementary and secondary education in this state from state and county funds based on the educational cost per pupil. In determining the educational cost per pupil, the following criteria shall be used:

1. No expenditures for capital outlay for buildings and sites, or debt service shall be included.
2. No expenditures from school activities and school lunch programs shall be included.
3. No expenditures for the cost of transportation, including the cost of school buses, shall be included.

It is hereby found that the educational cost per pupil during the first year of the 1971-1973 biennium is two hundred fifty dollars and for the second year of the biennium the educational cost is two hundred sixty dollars and shall be the basis for calculating grants-in-aid on a per-pupil basis as provided in sections 15-40.1-07 and 15-40.1-08. School districts operating high schools not meeting the minimum curriculum as provided in section 15-41-24 or the teacher qualifications in section 15-41-25 shall have an educational cost of two hundred twenty dollars, which shall be the basis for calculating grants-in-aid on a per-pupil basis as provided in section 15-40.1-07.

**Source:** N.D.C.C.; S. L. 1973, ch. 153, § 1.

**Note.**

Section 15-40.1-06 was amended twice by the Forty-third Legislative Assembly. The version printed above includes the amendment contained in section 1 of chapter 153, S. L. 1973, which established the criteria to be used in determining the educational cost per pupil. Section 3 of chapter 127, S. L. 1973, also amended section 15-40.1-06 by changing the amount of the educational cost per pupil and by providing that certain amounts shall be subtracted in determining the amount of payment due school districts. Section 14 of chapter 127, S. L. 1973, provided that the provisions of that act shall be effective during the period beginning July 1, 1973, and ending June 30, 1975. As chapter 127, S. L. 1973 is temporary, it is not printed above. Section 15-40.1-06, including the amendment contained in chapter 153, S. L. 1973, which is reconcilable with the amendment contained in section 3 of chapter 127, S. L. 1973, is therefore harmonized in accordance with section 1-02-09.1, for the period July 1, 1973, to June 30, 1975, and provides as follows:

"15-40.1-06. Declaration of legislative intent.—It is the intent of the legislative assembly to support elementary and secondary education in this state from state and county funds based on the educational cost per pupil. In determining the educational cost per pupil, the following criteria shall be used:

"1. No expenditures for capital outlay for buildings and sites, or debt service shall be included.

"2. No expenditures from school activities and school lunch programs shall be included.

"3. No expenditures for the cost of transportation, including the cost of school buses, shall be included.

It is hereby found that the educational cost per pupil during each year of the 1973-1975 biennium is five hundred forty dollars and shall be the basis for calculating grants-in-aid on a per-pupil basis as provided in sections 15-40.1-07 and 15-40.1-08. School districts operating high schools not meeting the minimum curriculum as provided in section 15-41-24 or the teacher qualifications in section 15-41-25 shall have an educational cost of two hundred twenty dollars, which shall be the basis for calculating grants-in-aid on a per-pupil basis as provided in section 15-40.1-07. In determining the amount of payment due school districts for per-pupil aid under this section, the following shall be subtracted from the amount of such aid:

"4. The product of twenty mills times the latest available net assessed and equalized valuation of property of the school district.

"5. That amount in dollars of the state group rate for Title I of Public Law 81-874, 81st Congress, represented by the twenty-one mill county equalization levy in the determination of the state group rate multiplied times the number of students for whom the district received Public Law 81-874 payments."

### 15-40.1-07. High school per-pupil payments—Amount—Student attending school in foreign state.

**Note.**

Section 4 of chapter 127, S. L. 1973, amended section 15-40.1-07 to read as follows:

"15-40.1-07. High school per-pupil payments — Amount — Student attending school in foreign state.—There shall be paid each year from the county equalization fund to all school districts operating high schools, to school districts contracting to educate high school pupils in a federal school, the state school for the blind, the state school for the deaf, and the state industrial school, subject to adjustment as provided in section 15-40.1-09, payments as follows:

"1. In high schools having under seventy-five pupils in average daily membership, the amount of money resulting from multiplying the factor 1.70 times the educational cost per pupil as provided in section 15-40.1-06 for each high school pupil registered in the schools each year.

"2. In high schools having seventy-five or more, but less than one hundred fifty pupils in average daily membership, the amount of money resulting from multiplying the factor 1.40 times the educational cost per pupil as provided in section 15-40.1-06 for each high school pupil registered in the schools each year.

"3. In high schools having one hundred fifty or more, but less than five hundred fifty pupils in average daily membership, the amount of money resulting from multiplying the factor 1.32 times the educational cost per pupil as provided in section 15-40.1-06 for each high school pupil registered in the schools each year.

"4. In high school districts having a total high school enrollment of five hundred fifty or more pupils in average daily membership, the amount of money resulting from multiplying the factor 1.20 times the educational cost per pupil as provided in section 15-40.1-06 for each high school pupil registered in the schools each year.

Every high school district shall receive at least as much in total payments as it would have received if it had the highest number of pupils in the next lower category. No high school district shall receive less for general school operating purposes in state and county foundation program payments, personal property replacement funds, and general fund and special levies for current operating expenses for any year of the 1973-1975 biennium than such district received from the combined total of these sources for general school operating purposes during the 1972-1973 school year, and the superintendent of public instruction shall increase the state payment by such amount as may be necessary to ensure that each high school district receives such amount. Provided, however, that to be eligible for such increased state payments, a high school district must have levied at least a seventy-five percent increase over and above the mill levy limitations provided by law for its general fund for taxable year 1972 and must continue to levy a seventy-five percent increase for its general fund for taxable years 1973 and 1974. No school district shall receive less during the second year of the 1973-1975 biennium than such district received during the first year of such biennium pursuant to the provisions of this section. However, no payment shall be made for those pupils for whom federal agencies provide education. Such payments shall not be made unless four or more units of standard high school work approved by the superintendent of public instruction are offered during the current year, only certificated teachers have been employed, and the other standards prescribed by this chapter have been met. Payments shall be made to the high school district in which the student is enrolled for graduation and units of approved vocational education in accordance with the provisions of chapter 15-20.1, and other courses approved by the superintendent of public instruction, earned in another high school district shall be included to meet the minimum four required units. In the case of students enrolled in nonpublic schools for graduation, proportionate payments shall be made to the public school district in which such student is enrolled for specific courses. Districts that did not maintain high schools during the year of 1964-1965 shall not be eligible for payments unless they have a minimum enrollment of twenty-five pupils if four years of high school work are offered, a minimum enrollment of twenty pupils if three years of high school work are offered, a minimum enrollment of fifteen pupils if two years of high school work are offered, and a minimum enrollment of ten pupils if one year of high school work is offered. Payments from the county equalization fund to school districts in bordering states shall be made after subtracting the amount realized from a twenty-mill statewide levy divided by the total average daily membership of the state of North Dakota."

Section 14 of chapter 127, S. L. 1973, provided that the act shall be effective during the period beginning July 1, 1973, and ending June 30, 1975.

## 15-40.1-08. Elementary per-pupil payments—Amount.

**Note.**

Section 5 of chapter 127, S. L. 1973, amended section 15-40.1-08 to read as follows:

"15-40.1-08. Elementary per-pupil payments—Amount.—There shall be paid out of the county equalization fund to school districts of the county operating elementary schools, to school district contracting to educate elementary pupils in a federal school, to the state school for the blind, the state school for the deaf, and the state industrial school, employing teachers holding valid certificates or permits, payments based on the number of registered students at the beginning of each school year, adjusted as provided in section 15-40.1-09, as follows:

"1. In one-room rural schools there shall be paid that amount of money resulting from multiplying the factor of 1.30 times the educational cost per pupil as provided in section 15-40.1-06 for each of the first sixteen pupils in average daily membership, and for each additional pupil in average daily membership there shall be paid .9 times the educational cost per pupil as provided in section 15-40.1-06, except that no payment shall be made for more than twenty pupils in average daily membership.

"2. In elementary schools having under one hundred pupils in average daily membership there shall be paid that amount of money resulting from multiplying the factor of 1.0 times the educational cost per pupil as provided in section 15-40.1-06 for each of the first twenty pupils in average daily membership in each classroom or for each teacher and for each additional pupil in average daily membership in each classroom or for each teacher there shall be paid .9 times the educational cost per pupil as provided in section 15-40.1-06, except that no payment shall be made for more than twenty-five pupils in average daily membership in each classroom or for each teacher.

"3. In elementary schools having one one hundred or more, but less than two hundred pupils in average daily membership there shall be paid that amount of money resulting from multiplying the factor of .9 times the educational cost per pupil as provided in section 15-40.1-06 for each of the first thirty pupils in average daily membership in each classroom or for each teacher, except that no payment shall be made for more than thirty pupils in average daily membership in each classroom or for each teacher.

"4. In elementary schools h[illegible] least two hundred pupils [illegible] age daily membership, [illegible] vided the districts in which such schools are located have an average daily membership of less than one thousand elementary pupils, there shall be paid that amount of money resulting from multiplying the factor .88 times the educational cost per pupil as provided in section 15-40.1-06 for each of the first thirty pupils in average daily membership in each classroom or for each teacher, except that no payment shall be made for more than thirty pupils in average daily membership in each classroom or for each teacher.

"5. In elementary schools in school districts having an average daily membership of more than one thousand elementary pupils, there shall be paid that amount of money resulting from multiplying the factor .92 times the educational cost per pupil as provided in section 15-40.1-06 for each of the first thirty pupils in average daily membership in each classroom or for each teacher, except that no payment shall be made for more than thirty pupils in average daily membership in each classroom or for each teacher.

"No school district shall receive less during the second year of the 1973-1975 biennium than such district received during the first year of such biennium pursuant to the provisions of this section. Payments from the county equalization fund to school districts in bordering states shall be made after subtracting the amount realized from a twenty-mill statewide levy divided by the total average daily membership of the state of North Dakota."

Section 14 of chapter 127, S. L. 1973, provided that the act shall be effective during the period beginning July 1, 1973, and ending June 30, 1975.

### 15-40.1-16. Aid for transportation.

**Note.**

Section 6 of chapter 127, S. L. 1973, amended section 15-40.1-16 to read as follows:

"15-40-16. Aid for transportation.—There shall be paid from the county equalization fund to each school district providing school bus transportation in contract school buses or in district-owned and operated school buses, a sum equal to ten cents per mile for school buses having a capacity of up to nineteen pupils and twenty-three cents per mile for school buses having a capacity of twenty or more pupils. Such payments shall be made only to school districts operating school buses in accordance with the laws of this state relating to standards for school buses, and to the qualifications of school bus drivers. Certification as to the compliance with the laws of this state in regard to school buses and their drivers shall be made in such manner and in such detail as the superintendent of public instruction may require at the time an application is made for payments provided under this section."

Section 14 of chapter 127, S. L. 1973, provided that the act shall be effective for the period beginning July 1, 1973, and ending June 30, 1975.

**15-40.2-03. Legislative intent relating to tuition payments.**—It is the intent of the legislative assembly that school districts educating pupils in other school districts shall pay the full cost of education. Such costs shall be determined on the basis of average daily membership and shall include annual expenditures from the general fund and annual educational expenditures from all special funds, provided that only those expenditures permitted in determining the educational cost per pupil in section 15-40.1-06 shall be included in determining average current operating expenses. To such average current operating expense in the county for elementary or high school students, as the case may be, shall be added double the statewide total of all school districts' annual expenditures from sinking and interest funds, plus double the statewide total of all school districts' annual tax receipts to the building funds, including any amounts expended from school districts' general funds for capital outlay, divided by the average daily membership of the state. From this amount, there shall be deducted for each individual pupil such payments as are received for him from the county equalization fund and state payments received by the admitting district, and a credit applied for any school taxes paid to the admitting district by the parent or guardian of the admitted pupil. The amount remaining shall be the tuition charge for the individual pupil, and shall be paid under the provisions of this chapter.

If the district of residence and the parent or guardian are both paying tuition, the credit allowed under this section for taxes paid to the admitting district by the parent or guardian shall be credited to the district of residence and the parent or guardian in proportion to the amount of tuition paid by each.

Nothing contained in this chapter shall affect the right of a school district to charge and collect such tuition as may be fixed by agreement from pupils who are not residents of this state, in accordance with the provisions of section 15-40.2-10.

### 57-15-14. Tax levy limitations in school districts.

**Note.**

Section 8 of chapter 127, S. L. 1973, amended section 57-15-14 to read as follows:

"57-15-14. Tax levy limitations in school districts.—The aggregate amount levied by any school district, except the Fargo school district, shall not exceed such amount as will be produced by a levy of twenty-four mills on the dollar of the net assessed valuation of the district, except that in any school district having a total population in excess of four thousand according to the last federal decennial census:

a. There may be levied any specific number of mills that upon resolution of the school board has been submitted to and approved by a majority of the electors voting upon the question at any regular or special school district election.
b. There shall be no limitation upon the taxes which may be levied by any school district having a total population in excess of four thousand according to the last federal decennial census if upon resolution of the school board of any such district the removal of the mill levy limitation has been submitted and approved by a majority of the electors voting at any regular or special election upon such question.

In the event either such election is held in a reorganized district, it shall be conducted and approved or disapproved in the same manner and subject to the same conditions as provided in section 15-53.1-22 for elections for approval of school district reorganization plans. The question of authorizing or discontinuing such specific number of mills authority or unlimited taxing authority in any school district shall be submitted to the electorate at the next regular election upon resolution of the school board or upon the filing with the school board of a petition containing the signatures of not less than ten percent of the electors of the district as determined by the county superintendent for such county in which such school is located; provided, however, that the approval of discontinuing either such authority shall not affect the tax levy in the calendar year in which the election is held. The election shall be held in the same manner and subject to the same conditions as provided in this section for the first election upon the question of authorizing the mill levy."

Section 10 of chapter 127, S. L. 1973, provided as follows: "Mill levy reductions in school districts having unlimited levies.—Any school district having increased mill levies pursuant to the authority of section 57-15-14 and the board of education of the city of Fargo shall reduce the mills levied for general fund purposes by not less than fifteen mills from the number of mills levied for taxable year 1972. This reduction shall be effective for the 1973-75 biennium."

Section 14 of chapter 127, S. L. 1973, provided that the provisions of section 8 shall be effective for the period beginning July 1, 1973, and ending June 30, 1975.

**57-58-02. Computation of grants-in-aid to county equalization funds.**

Note.

Section 9 of chapter 127 S. L. 1973, amended section 57-58-02 to read as follows:

"57-58-02. Computation of grants-in-aid to county equalization funds.—The superintendent of public instruction in determining the amount of a grant-in-aid from the state to the county equalization fund of each county shall reduce the amount of such payment by the amount that is equal to that part of the distribution made pursuant to section 57-58-01 with respect to the county equalization fund levy, which amount shall be certified to the superintendent of public instruction by the state tax commissioner. The provisions of this section shall be suspended and shall not be in force and effect during the period beginning July 1, 1973, and ending June 30, 1975. After June 30, 1975, the provisions of this section shall be in full force and effect unless further amended, suspended, or repealed."

Section 14 of chapter 127, S. L. 1973, provided that the provisions of section 9 shall be effective for the period beginning July 1, 1973, and ending June 30, 1975.

Section 11. APPROPRIATION.) There is hereby appropriated to the department of public instruction all moneys in the revenue sharing trust fund in the state treasury and whatever balance needed from any moneys not otherwise appropriated in the general fund in the state treasury the sum of $118,200,000.00, or so much thereof as may be necessary, for the foundation program payments for the biennium beginning July 1, 1973, and ending June 30, 1975.

Section 12. LESISLATIVE INTENT.) It is the intent of the legislative assembly that all of the moneys in the revenue sharing trust fund, which it is estimated will total $25,300,000.00, be used for the foundation program, and that the balance needed be appropriated from the general fund.

**15-40.1-05. Distribution of payments to county equalization funds—Duty of department of accounts and purchases.**

Note.

Section 13 of chapter 127, S. L. 1973 provided: "Eligibility for receipt of foundation program per pupil payments.—The superintendent of public instruction shall make disbursements pursuant to this Act during the 1973-75 biennium only to school districts for which the school boards have certified that no new courses of study have been implemented since the effective date of this Act which have not been approved by the unanimous consent of the school boards. This limitation shall not apply to:

"1. Vocational education programs.
"2. Special education programs.
"3. New programs related to new facilities.
"4. Programs to replace courses of study eliminated in the 1971-73 biennium."

1973

SCHOOL FINANCE PROGRAM

Enrolled Copy

S. B. No. 72

By Omar B. Bunnell
Moroni L. Jensen
Robert O. Bowen
Haven J. Barlow
Warren E. Pugh
E. LaMar Buckner

AN ACT AMENDING SECTIONS 53-7-16 AND 53-7-18, UTAH CODE ANNOTATED 1953, AS ENACTED BY CHAPTER 104, LAWS OF UTAH 1961, AS AMENDED BY CHAPTER 88, LAWS OF UTAH 1963, AS AMENDED BY CHAPTER 92, LAWS OF UTAH 1965, AS AMENDED BY CHAPTER 110, LAWS OF UTAH 1967, AS AMENDED BY CHAPTER 131, LAWS OF UTAH 1969, AS AMENDED BY CHAPTER 12, LAWS OF UTAH 1970, AS AMENDED BY CHAPTER 123, LAWS OF UTAH 1971, AS AMENDED BY CHAPTER 16, LAWS OF UTAH 1972, SECTION 53-7-21, UTAH CODE ANNOTATED 1953, AS ENACTED BY CHAPTER 104, LAWS OF UTAH 1961, AS AMENDED BY CHAPTER 92, LAWS OF UTAH 1965, AS AMENDED BY CHAPTER 110, LAWS OF UTAH 1967, AS AMENDED BY CHAPTER 131, LAWS OF UTAH 1969, AS AMENDED BY CHAPTER 12, LAWS OF UTAH 1970, AS AMENDED BY CHAPTER 123, LAWS OF UTAH 1971, AS AMENDED BY CHAPTER 16, LAWS OF UTAH 1972, SECTION 53-7-24, UTAH CODE ANNOTATED 1953, AS ENACTED BY CHAPTER 104, LAWS OF UTAH 1961, AS AMENDED BY CHAPTER 88, LAWS OF UTAH 1963, AS AMENDED BY CHAPTER 92, LAWS OF UTAH 1965; ENACTING SECTION 53-7-18.1; AND REPEALING AND REENACTING SECTION 53-7-19, UTAH CODE ANNOTATED 1953, AS ENACTED BY CHAPTER 104, LAWS OF UTAH 1961, AS AMENDED BY CHAPTER 88, LAWS OF UTAH 1963, AS AMENDED BY CHAPTER 92, LAWS OF UTAH 1965, AS AMENDED BY CHAPTER 110, LAWS OF UTAH 1967, AS AMENDED BY CHAPTER 131, LAWS OF UTAH 1969, AS AMENDED BY CHAPTER 12, LAWS OF UTAH 1970, AS AMENDED BY CHAPTER 123, LAWS OF UTAH 1971, AS AMENDED BY CHAPTER 16, LAWS OF UTAH 1972; RELATING TO THE STATE-SUPPORTED MINIMUM SCHOOL PROGRAM; PROVIDING FOR A WEIGHTED PUPIL UNIT DEFINITION AND AMOUNTS FOR THE BASIC, BOARD LEEWAY, AND VOTED LEEWAY PROGRAMS; PROVIDING FOR ADA AND ADM AS THE METHOD OF CALCULATING WEIGHTED PUPIL UNITS; PROVIDING FOR PROGRAMS IN COMPENSATORY EDUCATION AND ELEMENTARY SCHOOL GUIDANCE; PROVIDING FOR A PLAN OF STATE SUPPORT OF PUPIL TRANSPORTATION; PROVIDING FUNDS FOR LEADERSHIP, EXTENDED YEAR, INSTRUCTIONAL MEDIA CENTERS, CAREER PROGRAMS, EXPERIMENTAL, AND COMMUNITY SCHOOL PROGRAMS; PROVIDING FOR PROFESSIONAL STAFF UNITS; PROVIDING ADDITIONAL WEIGHTED PUPIL UNITS; PROVIDING FOR LOCAL LEVY REQUIREMENTS; PROVIDING BASIS FOR CONVERTING DISTRIBUTION UNITS TO WEIGHTED PUPIL UNITS; LIMITATION OF STATE APPROPRIATION OF $155,752,100; AND PROVIDING AN EFFECTIVE DATE.

*Be it enacted by the Legislature of the State of Utah:*

Section 1. Section 53-7-16, Utah Code Annotated 1953, as enacted by Chapter 104, Laws of Utah 1961, as amended by Chapter 88, Laws of Utah 1963, as amended by Chapter 92, Laws of Utah 1965, as amended by Chapter 110, Laws of Utah 1967, as amended by Chapter 131, Laws of Utah 1969, as amended by Chapter 12, Laws of Utah 1970, as amended by Chapter 123, Laws of Utah 1971, as amended by Chapter 16, Laws of Utah 1972, is amended to read:

53-7-16. As used in this act.

(a) The words "state-supported minimum school program" or "minimum school program" mean school programs for kindergarten, elementary, and high schools as may be operated and maintained for the total of the following annual costs:

(1) The cost of a basic state supported school program;

(2) The cost of the leeway programs;

(3) The cost or amount of the budget of the state board of education as approved by the legislature;

(4) The cost or the amount of the employer contribution required or made in behalf of its employees under subsection 49-10-20 (c) by local school boards, the state board of education for its staff, the area vocational centers, and the skill centers under its management and control, and the Utah school retirement board under the provisions of the Utah State Retirement Act or its successor;

(5) The cost or amount of the employer contribution under the terms of Title II of the Federal Insurance Contributions Act in accordance with section 67-11-5 for the employing units, political subdivisions and instrumentalities enumerated in subsection (a) (4) of this section;





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(6) An amount of $545,000 annually for instructional media centers;

(7) An amount of $650,000 annually for extended year, extended day and summer programs;

(8) An amount of $325,000 annually for community school programs.

(9) An amount of $1,275,000 annually for the following programs:

(i) $850,000 for distinguished teaching service and teacher leadership salaries;

(ii) $225,000 for career development programs (drop-out prevention);

(iii) $200,000 for experimental programs.

(10) An amount of $600,000 annually for programs in compensatory education;

(11) An amount of $250,000 annually for programs in elementary school guidance;

(12) An amount of $4,165,300 annually for state-supported transportation.

(b) The words "basic state-supported school program" or "basic program" mean educational programs for kindergarten, elementary, and high schools which can be operated and maintained for the amount derived by multiplying the number of weighted pupil units for each district by $508, except as otherwise provided in section 8 of this act.

(c) The words "weighted pupil unit or units" mean the unit of measure of factors which are computed in accordance with the provisions of section 53-7-21 for the purpose of determining the costs of a program on a uniform basis for each district.

(d) The words "leeway program" or "leeway" mean:

(1) A board leeway program consisting of thatportion of the costs of operation and maintenance of the state-supported minimum school program pursuant to section 53-7-19, and

(2) A state-supported voted leeway program consisting of that portion of the costs of operation and maintenance of the state-supported minimum school program in each district which can be operated and maintained by an amount equal to the amount derived by allowing each district to choose a program as authorized by a vote of the people of the district as provided in section 53-7-24.





(e) The words "board leeway" and "state-supported voted leeway" may be used collectively to mean the total of leeway programs of all districts.

(f) The words "minimum basic tax levy" or "minimum basic levy" mean the mill levy which each school district must impose in order to make its contribution toward the cost of the basic state-supported school program.

(g) The words "pupil in average daily attendance (ADA)" or "pupil in average daily membership (ADM)" mean a full-day equivalent pupil.

Section 2. Section 53-7-18, Utah Code Annotated 1953, as enacted by Chapter 104, Laws of Utah 1961, as amended by Chapter 83, Laws of Utah 1963, as amended by Chapter 92, Laws of Utah 1965, as amended by Chapter 110, Laws of Utah 1967, as amended by Chapter 131, Laws of Utah 1969, as amended by Chapter 12, Laws of Utah 1970, as amended by Chapter 123, Laws of Utah 1971, as amended by Chapter 16, Laws of Utah 1972, is amended to read:

53-7-18. The state shall contribute to each district toward the cost of the basic state-supported school program in such district that portion which exceeds the proceeds of a minimum basic tax levy of 28 mills imposed by the district.

In order to qualify for receipt of the state contribution toward the basic program and as its contribution towards its costs of said basic program, each school district shall impose a minimum basic tax levy of 28 mills; except that any district required to raise its levy by 10 mills or more above the 1972-73 school year levy to meet the mill levy requirement of this section may, upon determination by the district board, increase its levy over a three-year period by not less than 33-1/3 per cent each year of the difference between the 1972-73 school year levy and that levy required by this section. Any such district shall have its state contribution to the basic state-supported program reduced at the rate of $18.20 per weighted pupil per mill for each mill levied less than the 28 mill levy requirement of this section.

In the school districts where the proceeds of the minimum basic tax levy equal or exceed the cost of the basic state-supported school program, there shall be no contribution by the state toward the basic program. The proceeds of any said minimum basic tax levy of a school district which exceed the cost of the basic program shall be paid into the uniform school fund as provided by law.



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(a) The state's contribution of $545,000 annually for instructional media centers shall be apportioned and distributed on the basis of a formula as follows:

Each district shall receive $350 for each school in which it maintains and operates an instructional media center approved by the state board of education. Each district shall also receive that proportionate share of the remaining amount that the district's total weighted pupils, as computed in subsections (1), (2) and (3) of section 53-7-21, bears to the total for all districts.

(b) The state's contribution of $650,000 annually for extended year, extended day and summer programs approved by the state board of education shall be apportioned and distributed to the school districts on the basis that the district's total weighted pupils, as computed in subsection (1), (2) and (3) of section 53-7-21 bears to the total for all districts.

(c) The state's contribution of $325,000 annually for community school programs shall be apportioned and distributed to the school districts on the basis of a formula as follows:

Each district shall receive $1,000 for approved community school programs. Each district shall also receive that proportionate share of the remaining amount that the district's total weighted pupils, as computed in subsections (1), (2) and (3) of section 53-7-21, bears to the total for all districts. Funds allocated to school districts for community schools shall be approved by the state board of education and shall be used to support the concept that the schools belong to the people and to find ways to engage the community in determining the role the schools shall play in solving individual and community problems.

(d) Upon application to and approval of the state board of education a school district may transfer funds between the programs provided in subsections (b) and (c) of this section.

(e) The state's contribution of $850,000 annually for distinguished quality teaching and teacher leadership salaries shall be allocated to school districts on the basis of the ratio that each school district's weighted pupil units relate to the weighted pupil units of all school districts in the sate as computed in items (1), (2) and (3) of section 53-7-21, who qualify for participation by submitting a comprehensive plan







setting forth goals and organizational procedures that show how leadership funds will provide higher quality instruction. The state board of education shall establish guidelines, rules and regulations for use of state teacher leadership salary allocations. Such guidelines, rules and regulations must include consideration of distinguished-quality teaching and teacher leadership in performing services to improve quality education such as, but not limited to: service as head of a teaching team; curriculum development leader; directing the work of teacher interns; and performing other additional approved leadership services to enhance the experimental, innovative and in-service programs as approved by the state department of education. Additionally, a minimum salary differential of not less than 7 per cent of the individual participant's contract salary shall be paid. In order to accomplish the intent of this legislation, no program utilizing teacher leadership funds will be implemented until it has been reviewed by the state board of education and that full satisfaction has been proven that such funds will be utilized only to pay for the highest quality of teaching and secure a higher level of professional accountability to the youth and citizens of the state. The state board of education is instructed and empowered to assess the degree of effectiveness of this program.

(f) The state's contribution of $225,000 annually for special career development (dropout prevention) programs shall be allocated by the state board of education. Career development program proposals should be designed to meet performance criteria established by the state board of education. Such criteria should encourage work-study programs involving joint endeavors of school districts, vocational colleges and centers and private Utah businesses and industries. Efforts should focus upon placement of potential dropouts into jobs or into vocational or special training. A progress report in accomplishing the purposes of this program shall be made by the state board of education to the legislative council prior to each session of the legislature.

(g) The state's contribution of $200,000 annually for experimental programs, including early childhood programs, shall be apportioned by the state board of education. School districts shall submit programs setting forth the purposes for which the proceeds shall be used and allocation shall be made upon approval by the state board of education.



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(h) The state's contribution of $600,000 annually for programs approved by the state board of education in compensatory education shall be apportioned as follows:

Each district shall receive its proportionate share of the amount of funds that the district's number of disadvantaged pupils bears to the total number of disadvantaged pupils for all districts. Disadvantaged pupils shall include pupils from low-income families, Spanish-American and American Indian pupils with bilingual characteristics, foster children, neglected and delinquent children, and pupils from aid to dependent children cases.

(i) The state's contribution of $250,000 annually for programs approved by the state board of education in elementary school guidance shall be apportioned as follows: Each district shall receive that proportionate share of the funds that the district's total weighted pupils, as computed in subsections (1), (2) and (3) of section 53-7-21, bears to the total for all districts.

Section 3. Section 53-7-19, Utah Code Annotated 1953, as enacted by Chapter 104, Laws of Utah 1961, as amended by Chapter 88, Laws of Utah 1963, as amended by Chapter 92, Laws of Utah 1965, as amended by Chapter 110, Laws of Utah 1967, as amended by Chapter 131, Laws of Utah 1969, as amended by Chapter 12, Laws of Utah 1970, as amended by Chapter 123, Laws of Utah 1971, as amended by Chapter 16, Laws of Utah 1972, is repealed and reenacted to read:

53-7-19. Any school district which cannot realize a sum sufficient to provide a basic state-supported program per pupil in ADA of at least 106 per cent of the total of the state-supported basic program, exclusive of transportation, and board leeway program amount per ADA realized for the 1972-73 school year, may impose a tax levy for the 1973-74 school year and for each of the next two succeeding years, sufficient to raise, when added to said program, an amount per ADA of not to exceed 106 per cent of the previous year's total basic and board leeway program, exclusive of transportation.

In addition to the levy authorized under the school finance program in which state support is guaranteed, a district board of education may elect to increase the local levy to provide an amount equal to the fiscal 1972 entitlement of that district from the federal government under





P. L. 874, such authorization may be used only in the event Congress fails to maintain P.L. 874 programs at the 1972 level. The amount of such additional levy shall be raised by an additional tax above other levies authorized by law and shall not be included in determining the apportionment of the state school fund and shall not be state supported. The authority to make the above levy or levies shall continue for a period of three years from and after June 30, 1973,and the mills levied shall not exceed four mills, or the actual loss from the fiscal 1972 entitlement, whichever is less.

Section 4. Section 53-7-21, Utah Code Annotated 1953, as enacted by Chapter 104, Laws of Utah 1961, as amended by Chapter 92, Laws of Utah 1965, as amended by Chapter 110, Laws of Utah 1967, as amended by Chapter 131, Laws of Utah 1969, as amended by Chapter 12, Laws of Utah 1970, as amended by Chapter 123, Laws of Utah 1971, as amended by Chapter 16, Laws of Utah 1972, is amended to read:

53-7-21. The number of weighted pupil units for each year shall be the total of the units for each school district determined as follows:

(1) The number of units shall be computed by adding the average daily attendance and the average daily membership of all pupils of the district attending schools other than kindergarten and self-contained classes for handicapped children and dividing by two.

(2) The number of units shall be computed by adding the average daily attendance and average daily membership and multiplying all pupils of the district attending kindergarten by .275. In those districts which do not elect to hold kindergarten for a full nine-month term, the local board of education may approve a shorter term of nine weeks' duration, and in the event of such approval, the number of pupils in average daily attendance and average daily membership at such short-term kindergarten shall be counted for the purpose of determining the number of units allowed in the same ratio as the number of days the short-term kindergarten is held, not exceeding nine weeks, bears to the total number of days schools are held in that district in the regular school year.

(3) Upon application by each school district the state board of education shall, in consultation with local school districts, classify particular schools in each district as necessarily existent small rural



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schools. Applications must be submitted to the state board of education on or before April 1, and the state board of education must report a decision to each school district on or before June 1. The state board of education shall adopt standards and regulations to govern the approval of such schools consistent with principles of efficiency and economy and which shall serve the purpose of eliminating schools where consolidation is feasible from participation in special school units.

It is the intent of the legislature that the extra weighted pupil units provided for small schools shall ultimately be given only to such schools which because of their isolation must be regarded as necessarily existent. The state board of education is directed to prepare and publish objective standards and guidelines for determining which small schools are necessarily existent after consultation with local school districts. It is the intent of the legislature that schools not necessarily existent shall be discontinued.

In addition, the state board of education shall proceed to complete comprehensive school surveys of the school districts in which small schools are operated. From the district surveys, the state board shall recommend to the legislature plans for further consolidations, including cost estimates of new school construction, school bus purchases, etc.

The additional units for schools so classified as necessarily existent small schools shall be computed in accordance with the following schedule; except, that the units computed for each school shall be reduced by the number of units equal to the number of ADA in that school:

Elementary Small School Formula:

Multiply the number of kindergarten pupils in average daily attendance by .55 and add the pupils in average daily attendance in grades 1 through 6 and apply that sum to the appropriate school category below:

| Average Daily Attendance By School Size | Number of Weighted Pupil Units |
|---|---|
| 5-12 | 27 |
| 13-20 | 40 |
| 21-30 | 53 |
| 31-50 | 53 + (1.4) (ADA minus 30) |
| 51-90 | 81 + (1.2) (ADA minus 50) |
| 91-110 | 129 + (1.0) (ADA minus 90) |
| 111-165 | 149 + (0.3) (ADA minus 110) |









Junior High Small School Formula:

| Average Daily Attendance By School Size | Number of Weighted Pupil Units |
|---|---|
| 0-40 | Number of pupils multiplied by 2.0 |
| 41-80 | 80 + (1.5) (ADA minus 40) |
| 81-150 | 140 + (1.4) (ADA minus 80) |
| 151-250 | 238 + (1.0) (ADA minus 150) |
| 251-350 | 338 + (0.12) (ADA minus 250) |

Senior High Small School Formula:

| Average Daily Attendance By School Size | Number of Weighted Pupil Units |
|---|---|
| 0-75 | Number of pupils multiplied by 2.0 |
| 76-125 | 150 + (1.6) (ADA minus 75) |
| 126-185 | 230 + (1.1) (ADA minus 125) |
| 186-275 | 296 + (0.6) (ADA minus 185) |
| 276-375 | 350 + (0.25) (ADA minus 275) |

Six Year Small School Formula (Grades 7-12):

| Average Daily Attendance By School Size | Number of Weighted Pupil Units |
|---|---|
| 0-80 | Number of pupils multiplied by 2.0 (minimum total weighting of 27) |
| 81-160 | 160 + (1.4) (ADA minus 80) |
| 161-250 | 272 + (1.0) (ADA minus 160) |
| 251-425 | 362 + (0.36) (ADA minus 250) |

(4) Upon application by a district board of education submitted on or before June 1, the state board of education shall allow additional weighted pupil units, not to exceed 26,719 ($13,573,252), including pupils provided for in section 53-18-3, for the direct cost of programs for handicapped children conducted in accordance with definitions, guidelines and standards promulgated by the state board of education, including programs conducted by the local school district board of education for the Utah state training school, Utah state hospital and Utah state industrial school. Units allocated to state institutions may be utilized to finance educational programs during the summer months at the rate of one-third unit for each unit allocated for programs during the regular school year.





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The state board of education shall establish definitions and guidelines for determining which children are included in the various classifications of handicapped as well as gifted children and shall assist districts in determining the services that should be provided in each category.

Handicapped children units shall be computed in accordance with the following schedules:

| (a) For Each Pupil in Average Daily Attendance in Programs for: | Multiply the number of Handicapped Children in: Regular Class By: | Self-Contained Class by: |
|---|---|---|
| Educable Mentally Retarded | .70 | 2.28 |
| Trainable Mentally Retarded | 1.00 | 2.53 |
| Learning Disabilities | .73 | .00 |
| Emotionally Disturbed | 1.10 | 3.09 |
| Deaf and Hard of Hearing | 1.60 | 2.50 |
| Speech and Hearing | .30 | .00 |
| Motor Handicapped | 1.20 | 2.88 |
| Visually Impaired | 1.60 | .00 |
| Homebound and Hospitalized | .00 | 1.80 |
| Training Center Multiple Handicapped | .00 | 2.78 |

(b) Multiply the number of weighted pupil units in the district in regular programs computed under (1), (2) and (3) of this section (kindergarten, elementary, secondary, and small schools) by nine per cent.

(c) Add "a" and "b" and divide by two to obtain the number of weighted pupil units in these programs; except that no school district shall receive less than 76 per cent (amount allowed for direct costs of educational programs) of its total funds allocated for handicapped children for the 1972-73 fiscal year.

(d) In addition to (a), (b) and (c) above there shall be allocated to the state board of education a number of weighted pupil units not to exceed 4-1/2 per cent of the number of units allocated under (a) above.

(5) Nine weighted pupil units shall be allowed for each vocational agriculture and vocational home economics teacher carrying on a program





approved by the state board of education for each 12 weeks beyond the regular school term. In addition, funds shall be allocated to help finance added instructional costs of vocational programs for elementary and secondary students in elementary and secondary schools, area centers, skill centers, and vocational schools, the amount of $5,124,100 (10,047 weighted pupil units). These funds shall be distributed as follows: 85% to school districts as provided by the formula in this subsection (5) (a), (b) and (c); 15% for programs approved by the state board for vocational education in school districts, area centers, skill centers and vocational schools. In those secondary schools with enrollments of less than 400 studens in grades 9-12 which are so located that travel to another school or area school is reasonable in terms of time required, incentive funds may be allocated to each district by the state board for vocational education at the rate of 20% of the funds allocated to the district under this subsection (5) for the purposes of sending such students to larger schools or centers for vocational education programs. All units and funds allocated under this subsection shall be for approved programs designed to meet performance criteria and guidelines established by the state board for vocational education to encourage work study endeavors involving private businesses and industries. Efforts should focus upon placement of students into jobs or into further training.

Subject to the limitation of funds provided by this subsection (5), vocational education units shall be computed in accordance with the following schedule; except that no district shall receive less funds for additional costs of vocational education than were received in 1972-73 fiscal year for vocational education under this section:

(a) One weighted pupil unit shall be computed for each 20 pupil in average daily attendance in grades 9 through 12, plus,

(b)

| For Each Pupil in ADA in Programs for: | Multiply One-Half Weighted Pupil Unit by: |
|---|---|
| Agriculture | 1.20 |
| Business | .70 |
| Distributive | .50 |
| Home Economics | .30 |
| Technical and Industrial | 1.40 |



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(c) In addition, nine weighted pupil units shall be computed for each district and 16 weighted pupil units shall be computed for each high school in the district conducting an approved vocational program.

(6) Professional staff weighted pupil units shall be computed in accordance with the following schedule:

(a)

PROFESSIONAL STAFF COST FORMULA

| Years of Exper. | Bachelor's Degree | Bachelor's +30 Qt. Hr. | Masters Degree | Master's Degree +45 Qt. Hr. | Doctorate |
|---|---|---|---|---|---|
| 1 | 1.0 | 1.05 | 1.10 | 1.15 | 1.20 |
| 2 | 1.05 | 1.10 | 1.15 | 1.20 | 1.25 |
| 3 | 1.10 | 1.15 | 1.20 | 1.25 | 1.30 |
| 4 | 1.15 | 1.20 | 1.25 | 1.30 | 1.35 |
| 5 | 1.20 | 1.25 | 1.30 | 1.35 | 1.40 |
| 6 | 1.25 | 1.30 | 1.35 | 1.40 | 1.45 |
| 7 | 1.30 | 1.35 | 1.40 | 1.45 | 1.50 |
| 8 | 1.35 | 1.40 | 1.45 | 1.50 | 1.55 |
| 9 | | | 1.50 | 1.55 | 1.60 |
| 10 | | | | 1.60 | 1.65 |
| 11 | | | | | 1.70 |

(b) Multiply the number of full-time or equivalent professional personnel in each applicable experience category in "a" by the applicable weighting factor.

(c) Divide the total of "b" by the number of professional personnel included in "b" and reduce the dividend by 1.00.

(d) Multiply the result of "c" by one-fourth of the weighted pupil units computed in accordance with subsection (1), (2) and (3) of this section.

(7) To assist in administrative costs, each school district shall receive 45 additional weighted pupil units.

(8) To avoid penalizing a district financially for epidemics or other factors beyond its control, the state board of education may allow a percentage increase in units otherwise allowable during any year when the ratio between average daily attendance and average daily enrollment drops more than two percent below the average ratio for the highest two of the preceding three years in such districts.





(9) In order that funds will be used most appropriately, the state board of education shall set standards and guidelines including the roles and functions, of those employed in pupil personnel services.

(10) To avoid penalizing a district financially through consolidation of its special schools, additional units may be allowed a district each year, not to exceed two years, equal to the difference between what the district receives for a consolidated school and what it would have received for the small schools had they not been consolidated. Money allocated to districts under this program may be used for maintenance and operation of school programs or for construction or remodeling or furnishing of school buildings at the discretion of the local board of education upon approval by the state board of education.

Section 5. Section 53-7-24, Utah Code Annotated 1953, as enacted by Chapter 104, Laws of Utah 1961, as amended by Chapter 88, Laws of Utah 1963, as amended by Chapter 92, Laws of Utah 1965, is amended to read:

53-7-24. With the consent of a majority of the electors of the district voting at an election or elections held for that purpose in the manner set forth in section 53-7-12 any district may maintain a school program in excess of the cost of the program referred to in section 53-7-23. Said additional program shall be known as the state-supported voted leeway program of the district. Under the state-supported voted leeway program, the state will contribute an amount sufficient to guarantee $4 per weighted pupil unit for each mill raised locally not to exceed 10 mills as voted by the people.

Consideration of such additional program and of modification, increases or decreases thereof by such elections may be initiated by a petition signed by electors of the district equal to 10% of the number of electors who voted at a preceding election on said question or by action of the board of education. A subsequent election upon the question of modifying or increasing such an additional program shall not be deemed to constitute a reconsideration of the existing additional voted leeway program unless the proposition submitted to the electors expressly so states. Accordingly, a majority vote opposing said modification or increase shall not be deemed to deprive the district of authority to continue said existing voted leeway program. Nothing contained in this section shall be construed as terminating without an election, thereon, the authority of any school district to continue an existing voted additional program heretofore



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authorized by the voters.

For purposes of calculating voted leeway programs, distribution units may be determined for any district by dividing its total weighted pupils by 26.

Section 6. Section 53-7-18.1, Utah Code Annotated 1953, is enacted to read:

53-7-18.1. The state's contribution of $4,165,300 annually for state-supported transportation shall be apportioned and distributed in accordance with the provisions of this section. The amount for each district shall be determined by multiplying the weighted transported pupils in each district by an amount computed from a linear regression formula generated from the relationship between the density factor of each of the districts and the approved pupil transportation costs for each of the districts as defined by the state board of education. No district shall receive less than 77% of the approved costs as defined in this section.

Any district that contracts essentially all of its pupil transportation shall have added to the amount calculated by the formula an allowance for retirement costs that shall bear the same relationship to the district's formula amount that the retirement allowance received by other districts for their transportation employees bears to their formula allocations.

If during the fiscal 1974, the total transportation allowance for all districts exceed $4,165,300, all allowances shall be reduced pro rata to equal not more than this amount.

(1) As used in this section, these words shall mean:

(a) "Eligible pupil" shall mean any pupil regularly enrolled in kindergarten through grade six who lives one-and one-half miles or more from school; each pupil regularly enrolled in grades seven through twelve who lives two or more miles from school; and students enrolled in special programs offered by school districts and approved by the state board of education for trainable, motor, or multiple-handicapped pupils without reference to distance from school.

(2) The number of "weighted pupils" for purposes of allocating the state transportation fund shall be calculated by:

(a) Multiplying the number of eligible educable or emotionally disturbed pupils by four;





(b) The number of eligible trainable pupils by five;

(c) The number of eligible physically handicapped by ten; and,

(d) The number of other eligible pupils by one and adding the numbers of weighted pupils produced in (a), (b), (c), and (d). In order to qualify for the weightings assigned handicapped pupils in this subsection, pupils included in (a), (b), or (c) must require and the district must provide a substantially modified method of transportation.

(3) Approved bus route miles shall be those proposed by local school boards of education and approved by the state board of education. It will not include special activity routes.

(4) Linear density for each district shall be calculated by dividing the number of its eligible pupils transported by the number of its approved bus route miles.

(5) Approved costs shall be defined by the rules and regulations promulgated by the state board of education. The rules and regulations shall define the limits of costs that will be approved by the state board of education in such a manner as to encourage efficiency and economy in operating and maintaining school buses, paying for salaries of school transportation personnel, and other expenses of transporting eligible pupils as defined in this section. Approved costs will include an amount for bus replacement determined by the state board of education.

Transportation of students in areas where walking constitutes a hazardous condition as determined by the local board of education, regardless of distance from school, shall be provided by the local board of education from general funds of the district.

Section 7. Whenever the term "distribution units" or "distribution unit" is used in any section of the law not included in this act it shall mean the equivelent of 26 weighted pupils as defined in section 53-7-16 (c).

Section 8. The total amount provided under the terms of this act as the state's contribution toward the cost of the state-supported minimum school program, as provided and defined in section 53-7-16, not including subsection (a) (3), shall not exceed the sum of $165,[illegible],100 for the 1973-74 school year. It is intended that the funds provided shall be for the following purposes and in the following amounts:



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| Estimated Weighted Pupil Units | Purpose for State Contribution | Estimated State and Local Funds at $508 Per Weighted Pupil |
|---|---|---|
| 5,477.000 | Necessarily existent small rural schools and out-of-state attendance and units for consolidated schools. | $ 2,782,316 |
| 26,719.000 | Handicapped children. | 13,573,252 |
| 1,848.180 | Adult high school for ages 18-30. Adult high school in skill centers. | 938,875 |
| 10,118.750 | Vocational and technical education in secondary schools and vocational education incentive funds. | 5,140,325 |
| 1,298.511 | Summer home economics, agriculture and kindergarten. | 659,644 |
| 306,011.689 | Regular school program. | 155,453,938 |
| 351,473.130 | TOTAL OF ALL ABOVE PROGRAMS | $178,548,350 |
| | Special purpose total dollar contributions described in subsection (4) (6) through (a) (12) of section 53-7-16. | 7,810,300 |
| | Social security and retirement. | 26,557,821 |
| | State-supported voted leeway. | 4,031,229 |
| | Total estimated contributions to school districts for all programs. | $216,947,700 |
| | Less estimated proceeds from state-supported local levies. | 61,195,600 |
| | TOTAL STATE FUNDS | $155,752,100 |

If the number of weighted pupil units in any of the above programs are underestimated in this table, then the amount per pupil in that program paid under this act must be reduced so that the amount paid does not exceed the estimated amount by program. However, if the number of weighted pupil units in any program is overestimated in this table, the state board of





education may have the option of either increasing the amount paid in that program per weighted pupil unit or transferring the unused amount in that program to another program. Any amounts transferred from another program under this provision may be spent in addition to the amounts listed in this table. If the amount estimated for social security and retirement in this table is over or underestimated, or if the total number of weighted pupil units is over or underestimated, then the amount per unit paid in all programs to school districts must be increased or decreased so that the total state expenditure will not exceed $155,752,100. Unused funds at the close of the fiscal year in any of the school districts of the state from any of the categorical programs in (a), (b), (c), (e), (f), (h) and (i) of section 53-7-18 shall be re-allocated on a project basis by the state board of education.

Section 9. This act shall take effect on July 1, 1973.

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Section 34 (in part)

| | | | | |
|---|---|---|---|---|
| OTHER | | | 666,800) | ( 679,100) |
| TOTAL-ALL SOURCES | | | 2,874,900 | 2,903,100 |
| 20.250 MEDICAL COLLEGE OF WISCONSIN | | | | |
| (1) TRAINING OF HEALTH MANPOWER | | | | |
| (a) General program operations | GPR | A | 2,228,100 | 2,267,100 |
| 20.250 DEPARTMENT TOTALS | | | | |
| GENERAL PURPOSE REVENUES | | | 2,228,100 | 2,267,100 |
| TOTAL-ALL SOURCES | | | 2,228,100 | 2,267,100 |
| 20.255 PUBLIC INSTRUCTION, DEPARTMENT OF | | | | |
| (1) EQUAL ED. OPPORTUNITY THROUGH EDUCATION AGENCIES | | | | |
| (a) General program operations | GPR | A | 4,590,300 | 3,965,900 |
| (b) Teacher aides and language training support | GPR | A | 2,112,600 | 0 |
| (c) Direct aids for handicapped children | GPR | S | 62,100 | 73,100 |
| (d) State aids for handicapped children | GPR | S | 30,481,500 | 35,508,000 |
| (e) Home instruction aids for handicapped children | GPR | S | 267,700 | 300,200 |
| (f) Elementary and high school aid | GPR | B | 425,288,500 | 457,243,300 |
| Applied receipts | GPR | B | 0 | 0 |
| NET APPROPRIATION | | | 425,288,500 | 457,243,300 |
| (fa) Elementary and high school aid federal revenue sharing | GPR | S | 0 | 0 |
| (fb) Special tuition payments | GPR | A | 4,270,600 | 4,778,700 |
| (fc) Cooperative educational service agencies | GPR | A | 754,500 | 767,800 |
| (fd) Special needs | GPR | B | 650,000 | 5,350,000 |
| (fe) State school lunch aid | GPR | S | 884,700 | 1,438,200 |
| (fh) Transportation aids | GPR | B | 14,092,200 | 14,413,000 |
| (h) Gifts, grants and trust funds | PR | C | 17,400 | 17,400 |
| (hz) Gifts, grants and trust funds-aids to indiv. and organ. | PR | C | 1,700 | 1,700 |
| (i) Publications | PR | C | 19,800 | 19,900 |
| (j) School lunch-handling charges | PR | C | 600,000 | 600,000 |
| (k) Negative aid payments | PR | B | 0 | 0 |
| (m) Federal aids-state operations | PR-F | C | 3,280,000 | 3,321,300 |
| (mn) Federal aids-local assistance | PR-F | C | 40,304,800 | 40,304,800 |
| (mo) Federal aids-individuals and organizations | PR-F | C | 1,436,400 | 1,436,400 |
| (q) Driver education-state operations | SEG | A | 94,600 | 96,400 |
| (r) Driver education-local assistance | SEG | A | 2,388,300 | 2,392,400 |
| (s) School library aids | SEG | C | 1,740,000 | 1,890,000 |
| (1) PROGRAM TOTALS | | | | |
| GENERAL PURPOSE REVENUES | | | 483,454,700 | 523,838,200 |
| PROGRAM REVENUE | | | 45,650,100 | 45,701,500 |
| FEDERAL | | | ( 45,021,200) | ( 45,062,500) |
| OTHER | | | ( 638,900) | ( 639,000) |
| SEGREGATED FUNDS | | | 4,222,900 | 4,378,800 |
| TOTAL-ALL SOURCES | | | 533,337,700 | 573,918,500 |
| (2) EQUAL ED. OPPORTUNITY THROUGH RES. SCHOOLS FOR HAND. ST. | | | | |
| (a) General program operations | GPR | A | 2,979,000 | 3,047,100 |
| (b) Utilities and heating | GPR | S | 95,000 | 95,000 |
| (c) Principal repayment and interest | GPR | S | 313,200 | 410,500 |
| (g) Activity therapy | PR | C | 9,000 | 9,000 |
| (h) Gifts, grants and trust funds | PR | C | 40,900 | 40,900 |



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SECTION 57. 20.255 of the statutes is repealed and recreated to read:

**20.255 Public instruction, department of.** There is appropriated to the department of public instruction for the following programs:

(1) ASSURING EQUAL EDUCATIONAL OPPORTUNITIES THROUGH LOCAL EDUCATIONAL AGENCIES.

(a) GENERAL PROGRAM OPERATIONS. The amounts in the schedule for the improvement of curriculum, instruction and educational resources for local educational agencies, including the matching of federal funds available under the national defense education act or other applicable federal acts or programs.

(b) TEACHER AIDES AND LANGUAGE TRAINING SUPPORT. The amounts in the schedule, to be released to the board of school directors of the Milwaukee school system upon the approval of the state superintendent, for the purpose of operating interrelated language skill centers to provide remedial efforts in reading, writing, mathematics and other basic communication skills. The state superintendent shall also approve release of funds available under this appropriation to the board of school directors for operation of teacher aide programs.

(c) DIRECT AIDS FOR HANDICAPPED CHILDREN. A sum sufficient for the payment of aids and scholarships under ss. 115.53, 115.56 and 115.57.

(d) STATE AIDS FOR HANDICAPPED CHILDREN. A sum sufficient for the payment of aids under subch. IV of ch. 115.

(e) HOME INSTRUCTION AIDS FOR HANDICAPPED CHILDREN. A sum sufficient for home instruction or extension courses under s. 115.84.

(f) ELEMENTARY AND HIGH SCHOOL AID. Biennially, the amounts in the schedule for the payment of educational aids provided in subch. I of ch. 121, less the amounts charged to the appropriation under par. (fa) and less the amounts received as applied receipts under par. (k).

(fa) ELEMENTARY AND HIGH SCHOOL AID; FEDERAL REVENUE SHARING. A sum sufficient equivalent to the revenue received under the state and local fiscal assistance act of 1972 (P.L. 92-512) and interest thereon to be used for the payment of educational aids provided under subch. I of ch. 121. This appropriation shall be fully utilized annually and the balance of any aid payments due under subch. I of ch. 121 shall be charged to the appropriation under par. (f).

(fb) SPECIAL TUITION PAYMENTS. The amounts in the schedule for payment of tuition of children in foster homes attending school under s. 121.79 (1) (a) to (e), and for payment of tuition and transportation to school districts under s. 121.79 (1) (d).

(fc) COOPERATIVE EDUCATIONAL SERVICE AGENCIES. The amounts in the schedule for the payment of a maximum of $35,500 in 1973-74 and $36,200 annually thereafter to each cooperative educational service agency, for the current operational expenses of these agencies and $80,000 annually to reimburse the agencies for agency school committee expenses under s. 116.52 (3). In addition, from funds available under this appropriation, the state superintendent may provide aid to school districts and cooperative educational service agencies for the development of data processing services on a regional basis.

(fd) SPECIAL NEEDS. Biennially, the amounts in the schedule for financial grants pursuant to subch. V of ch. 115 of which $250,000 shall be appropriated at the discretion of the state superintendent to enhance the educational opportunities of pupils who come from socially, economically or culturally disadvantaged environments. Grants under this paragraph shall be paid during the school year in which the approved program is operated.

(fe) STATE SCHOOL LUNCH AID. A sum sufficient for the payment of school lunch aids to school districts pursuant to s. 115.34 (2).

(fh) TRANSPORTATION AIDS. Biennially, the amounts in the schedule for the payment of state aid for transportation of pupils under subch. II of ch. 121 of which $250,000 shall be apportioned upon the approval of the state superintendent among school districts which are unable to provide the transportation required by that subchapter on the sum provided by a 2-mill tax levy on their equalized valuations and the normal transportation aids, and for aids to counties for transportation of

crippled children to and from the Wisconsin orthopedic hospital for children or any other hospital, or for mentally handicapped children including those who are mentally retarded or emotionally disturbed, or epileptics referred to any approved evaluation center, such aid to be distributed as provided in s. 142.05 (3).

(h) GIFTS, GRANTS AND TRUST FUNDS. All moneys received from gifts, grants and donations to carry out the purposes for which made.

(hz) GIFTS, GRANTS AND TRUST FUNDS; AIDS TO INDIVIDUALS AND ORGANIZATIONS. All moneys received from gifts, grants and donations to be paid to individuals or to nongovernmental organizations.

(i) PUBLICATIONS. All moneys received from the sale of publications, as authorized by subch. II of ch. 115, for the publication of such materials.

(j) SCHOOL LUNCH HANDLING CHARGES. All moneys received from contracts made pursuant to s. 115.34, under which food products granted to the state by the federal government are utilized for the transportation, warehousing, processing and insuring of such food products.

(k) NEGATIVE AID PAYMENTS. Biennially, all moneys received as negative aid payments under s. 121.08 (3) to be applied to elementary and high school aid payments under par. (f).

(m) FEDERAL AIDS; STATE OPERATIONS. All federal moneys received as authorized under s. 16.54 to carry out the purposes for which made and received.

(mn) FEDERAL AIDS; LOCAL ASSISTANCE. All federal moneys received as authorized under s. 16.54 to aid local governmental units or agencies.

(mo) FEDERAL AIDS; INDIVIDUALS AND ORGANIZATIONS. All federal moneys received as authorized under s. 16.54 to directly or indirectly aid or assist individuals or nongovernmental organizations. Any funds received in repayment for expenditures made under this paragraph for appliances, X-rays, emergency hospitalization, emergency medical care or transportation to or from a hospital, for crippled children under orthopedic care, which had been authorized by the division for handicapped children, pending other arrangements for final payments, shall be credited to this appropriation.

(q) DRIVER EDUCATION; STATE OPERATIONS. The amounts in the schedule from the allocation made under s. 20.395 (1) (q) for the administration of the driver education program.

(r) DRIVER EDUCATION; LOCAL ASSISTANCE. The amounts in the schedule from the allocation made under s. 20.395 (1) (q) to be distributed to school districts which operate driver education courses in accordance with s. 121.15. The distribution shall be made to school districts upon such reports in such form and containing such information as the state superintendent requires.

(s) SCHOOL LIBRARY AIDS. All moneys received as the common school fund income to be distributed as provided in ss. 25.23 and 43.70.

(2) ASSURING EQUAL EDUCATIONAL OPPORTUNITIES THROUGH RESIDENTIAL SCHOOLS FOR HANDICAPPED STUDENTS. (a) GENERAL PROGRAM OPERATIONS. The amounts in the schedule for the operation and maintenance of the Wisconsin schools for the deaf and the visually handicapped, including the matching of federal funds.

1. 'Maintenance credits.' All moneys received in reimbursement for services rendered institutional employes, participants in institutes and training programs and visitors at the state schools for the deaf and the visually handicapped under s. 115.52 (6) to be refunded to the appropriation made by this paragraph. Such reimbursements shall be accumulated in an account named "maintenance credits".

2. 'Contingent fund.' From the appropriation made by this paragraph there is allotted to each institution, subject to the approval of the board on government operations, such sums as are necessary to be used as a contingent fund to be expended as provided in s. 20.920.

(b) UTILITIES AND HEATING. A sum sufficient to cover the cost of utilities at the schools for the deaf and visually handicapped, including electricity, water, sewage service and fuel used for space heating at the 2 schools and applicable freight charges. Coal or fuel oil purchases under this paragraph shall be pursuant to s. 16.17 (4) and payments for coal purchased hereunder shall be made as provided in s. 16.91.

(c) PRINCIPAL REPAYMENT AND INTEREST. A sum sufficient to reimburse s. 20.866 (1) (u) for the payment of principal and interest costs incurred in financing the acquisition, construction, development, enlargement or improvement of institutional facilities for the deaf and blind under s. 115.52.

(g) ACTIVITY THERAPY. All moneys received in connection with the sale of products resulting from activity therapy at the 2 schools to be used for the purchase of necessary materials, equipment and supplies for activity therapy.



(h) GIFTS, GRANTS AND TRUST FUNDS. All moneys received from gifts, grants and donations to carry out the purposes for which made, and all moneys received under s. 46.03 (3), 1939 stats., to be used in accordance with the trust.

(m) FEDERAL AIDS; STATE OPERATIONS. All federal moneys received as authorized under s. 16.54 to carry out the purposes for which made and received.

(3) IMPROVING LIBRARY SERVICES. (a) GENERAL PROGRAM OPERATIONS. The amounts in the schedule for improvement of library services, including the matching of federal funds.

(c) PUBLIC LIBRARY SYSTEMS PLANNING GRANTS. Biennially, the amounts in the schedule for planning grants under s. 43.23.

(d) AID TO PUBLIC LIBRARY SYSTEMS. Biennially, the amounts in the schedule for state aid under s. 43.24.

(h) GIFTS, GRANTS AND TRUST FUNDS. All moneys received from gifts, grants and donations to carry out the purposes for which made.

(hz) GIFTS, GRANTS AND TRUST FUNDS; AIDS TO INDIVIDUALS AND ORGANIZATIONS. All moneys received from gifts, grants and donations to be paid to individuals or to nongovernmental organizations.

(m) FEDERAL AIDS; STATE OPERATIONS. All federal moneys received as authorized under s. 16.54 to carry out the purposes for which made and received.

(mn) FEDERAL AIDS; LOCAL ASSISTANCE. All federal moneys received as authorized under s. 16.54 to aid local governmental units or agencies.

(mo) FEDERAL AIDS; INDIVIDUALS AND ORGANIZATIONS. All federal moneys received as authorized under s. 16.54 to aid or assist individuals or nongovernmental organizations.

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SECTION 437. 115.01 (3) of the statutes is amended to read:

115.01 (3) SCHOOL DISTRICTS. The school district is the territorial unit for school administration. School districts are classed as common school districts, union high school districts, unified school districts, city school districts and school systems organized pursuant to ch. 119. A joint school district is a school district whose territory is not wholly in one municipality. ~~"Basic aid district" and "integrated aid district" mean school districts which meet the requirements set forth in s. 121.02 and refer to classification for state aid purposes only.~~

SECTION 437m. 115.28 (11) of the statutes is created to read:

115.28 (11) STATE AID BUDGET CALCULATIONS. In preparing the biennial budget request of the department, calculate the amounts of general state aid which are needed by multiplying the estimated current equalized valuation of the state by an appropriate mill rate and subtracting that amount from the estimated statewide shared costs.

SECTION 437t. 115.295 of the statutes is created to read:

**115.295 Deputy state superintendent and other staff.** The state superintendent shall select a deputy to hold the position of deputy at the pleasure of the state superintendent. The deputy shall exercise the superintendent's powers, duties and functions as the superintendent's absence and shall perform such other duties as the superintendent prescribes. In addition to the deputy, the superintendent may appoint 2 additional professional assistants. Such persons may be appointed either from within or without the classified service.

**Vetoed in Part**

SECTION 439. 115.53 (1) of the statutes is amended to read:

115.53 (1) Provide for the education of deaf-blind children of suitable capacity to receive instruction either in a special class for that purpose outside the state or in a special class to be established within the state whenever there is a sufficient number of deaf-blind children to warrant the establishment of such class. The cost of such education and the transportation cost of the children and their guardians, when required, shall be charged to the appropriation in s. 20.255 (1) (d).

SECTION 439m. 115.82 (2) of the statutes is amended to read:

115.82 (2) Tuition shall be charged nonresidents admitted to special programs for handicapped children in accordance with this section. For each part of a program, the tuition for a nonresident handicapped child shall be determined on the basis of costs, aids and children in such part for the preceding year by adding together the total cost of items reported under s. 115.85 (1) and, the actual cost of operation and maintenance not so reported and amounts expended as principal and interest on long-term indebtedness on those facilities used by such part of a program, by subtracting from such sum federal, state and county aids and then dividing this ~~amount~~ difference by the number of children in average daily membership.

SECTION 440. 115.85 (1) of the statutes is amended to read:

115.85 (1) If, upon receipt of the report under s. 115.80 (3), the state superintendent is satisfied that the special school, class, center or other service has been maintained during the preceding year in accordance with law, he shall certify to the department of administration in favor of each county, cooperative educational service agency and school district maintaining such schools, classes, centers and other services a sum equal to 70% of the amount expended by the county, agency and school district during the preceding year for salaries of qualified personnel enumerated in s. 115.80 (1), transportation and board and lodging of children residing within the county, agency or school district, special books and equipment used in programs under this subchapter and other expenses approved by the state superintendent, except that salaries of school psychologists and school social workers shall be reimbursed at a rate equal to 50% of approved costs for employment in 1972-73 and 33-1/3% of approved costs for employment thereafter, without regard to whether they are employed in a program for handicapped children. The department of administration shall pay such amounts to the county, agency and school district from the appropriation under s. 20.255 (1) (d).

SECTION 442. Subchapter V of chapter 115 of the statutes is created to read:

SUBCHAPTER V

SPECIAL EDUCATIONAL NEEDS

(to precede s. 115.90)

**115.90 Definitions.** (1) In this subchapter, "pupils with special educational needs", means pupils who have or are likely to have low levels of academic achievement, especially in relation to social and economic factors.

(2) Any public school district which is determined to have pupils with special needs according to s. 115.91 may apply for funds under s. 115.92. Nonprofit, nonsectarian agencies may apply for funds under s. 115.92. Prior to accepting applications from any such agency, the state superintendent shall determine that it has adequate management and accounting capacity and such agency shall agree that its accounts related to such programs may be audited.

**115.91 Identification of pupils with special educational needs.** (1) Annually the state superintendent shall establish criteria by which characteristics of social and economic factors can be measured and on which he will make grants to school districts or agencies for programs for pupils with special educational needs.

(2) Each school district or agency for which a program is approved under s. 115.92 shall select the individuals who have or are likely to have the greatest special educational needs.

**115.92 Application and approval of programs to serve pupils with special educational needs.** (1) Annually the state superintendent shall issue guidelines for developing and approving programs for serving pupils with special educational needs. Such guidelines shall incorporate the factors which in his judgment provide the greatest likelihood for successful programs.

(2) The school districts and other agencies eligible under s. 115.90 shall submit applications to serve the number of pupils determined under s. 115.91. Such proposals shall demonstrate how other available funds will be incorporated into the program, that funds under s. 20.255 (1) (fd) will be directed to the pupils selected under s. 115.90 and that funds under s. 20.255 (1) (fd) will not be used to supplant or replace other funds otherwise available for these pupils.

(3) The state superintendent shall approve applications which he determines will enhance the potential for academic success of the pupils. Priority shall be given to programs for preschool and primary elementary grade children.

**115.94 Local advisory program councils.** No application for funds under this subchapter shall be reviewed by the state superintendent unless the school district or other eligible applicant has established a local advisory program council consisting of parents, community representatives, school administrators and teachers to advise on the development of applications and the implementation of approved programs.

SECTION 442e. 116.08 (1) of the statutes is amended to read:

116.08 (1) ~~Annually, there shall be paid not exceeding $34,000~~ An amount not to exceed $35,500 in 1973-74 and $36,200 annually thereafter shall be paid to each agency for the maintenance and operation of the office of the board of control and agency coordinator. No state aid may be paid unless the agency submits by August 1 an annual report which includes a detailed certified statement of its expenses for the prior year to the state superintendent, and such statement reveals that the state aid was expended as provided by this section. In no case may the state aid exceed the actual expenditures for the prior year as certified in such statement.

SECTION 442m. 116.52 (3) of the statutes is repealed and recreated to read:

116.52 (3) Each agency treasurer shall keep an account of the expenses of the committee. Annually, on or before August 1, the agency treasurer shall submit a claim for such expenses to the department on such forms as the department requires. The claim shall be audited, and the state superintendent shall certify the approved amount thereof to the department of administration which shall pay such amount to the agency from the appropriation under s. 20.255 (1) (fc).

SECTION 444. 118.08 (2) of the statutes is repealed.

SECTION 445. 118.08 (3) of the statutes is renumbered 118.08 (2).

SECTION 446. 119.04 of the statutes is amended to read:

**119.04 Public instruction laws applicable.** Subchapter I of ch. 121 and ss. ~~59.07 (21) (a),~~ 66.03 (3) (c), 115.01 (1) and (2), 115.76, 115.77, 115.79 to 115.85, 118.03 (1) (b) to (d) and (2), 118.04, 118.06, 118.07, 118.10, 118.12 (1), 118.14, 118.15, 118.16 (1), (2) and (4) to (6), 118.18, 118.19 (7), 118.20, 118.24 (2) to (5), 120.13 (1), 120.16 (6), 120.49 (6), 120.61, 121.52, 121.53, 121.54 (1), (3) and (4), 121.55, 121.58 (2) (b), (4) and (6), 121.77 (1), 121.79, 121.80, 121.81 (2), 121.82 (1), 121.83 and 121.84 (1) are applicable to the board of school directors and to schools in cities of the 1st class. The board shall exercise the powers, perform the functions and be entitled to all school aid therein provided insofar as the same are relevant to cities of the 1st class. The board and the schools in cities of the 1st class shall be governed in all matters by the general laws of the state, except as altered or modified by express amendments.

SECTION 446m. 120.12 (3) of the statutes is amended to read:

120.12 (3) TAX FOR OPERATION AND MAINTENANCE. (a) On or before the 3rd Monday in October, determine the amount necessary to be raised to operate and maintain the schools of the school district if the annual meeting has not voted a tax sufficient for such purposes for the ensuing school term. The On or before the last working day in October, the school district clerk shall certify the appropriate amount so determined to each appropriate municipal clerk who shall assess the amount certified to him and enter it on the tax rolls as other school district taxes are assessed and entered.

(b) If a tax sufficient to operate and maintain the schools of a school district for the ensuing school year has not been determined, certified and levied prior to the effective date of school district reorganization, except an attachment to a city school district, affecting any territory of the school district, the school board of the reorganized school district shall determine, on or before the 3rd Monday of October following the effective date of the reorganization, the amount of deficiency in operation and maintenance funds on the effective date of the reorganization which should have been

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paid by the property in the reorganized school district if such tax had been determined, certified and assessed prior to the effective date of the reorganization. ~~The~~ On or before the last working day in October, the school district clerk shall certify the appropriate amount to each appropriate municipal clerk who shall assess, enter and collect such amount as a special tax on such property. This paragraph does not affect the apportionment of assets and liabilities under s. 66.03.

(c) If on or before the 3rd Monday in October the school board determines that the annual meeting has voted a tax greater than that needed to operate the schools of the school district for the ensuing school year, the school board may lower the tax voted by the annual meeting. ~~The~~ On or before the last working day in October, the school district clerk shall certify the appropriate amount so determined to each appropriate municipal clerk who shall assess the amount certified to him and enter it on the tax rolls in lieu of the amount previously reported.

SECTION 447. 120.16 (6) of the statutes is created to read:

120.16 (6) Annually on or before June 30 make payments out of general property taxes collected for the district to the state treasurer to make settlement for any amounts certified to him by the state superintendent under s. 121.08 (3).

SECTION 447g. 120.17 (8) (a) and (c) of the statutes are amended to read:

120.17 (8) (a) Annually on or before ~~August 31~~ the last working day in October, deliver to the clerk of each municipality having territory within the school district a certified statement showing that proportion of the amount of taxes voted and not before reported, and that proportion of the amount of tax to be collected in such year, if any, for the annual payment of any loan to be assessed on that part of the school district territory lying within the municipality. Such proportion shall be determined from the full values certified to the school district clerk under s. 121.06 (2).

(c) If an order of school district reorganization or an ordinance of annexation is effective after May 1 and before October 1 of any year, the school district clerks of the school districts affected shall prepare the certified statement under par. (a) based on the equalized valuation of the school districts as altered by the order and related to the equalized valuation of the year upon which the tax levy is required to be made. If the school district clerk has filed such statement prior to the effective date of the order, he shall file a corrected certification which shall be accepted by the clerks of the municipalities affected and acted upon by them as provided in par. (a). Failure of the school district clerk to file a corrected certification of the levy based on the equalized valuation of each of the municipalities or portions thereof within the school district shall be corrected by the school district clerk by an appropriate adjustment in the levy certified in the following year.

SECTION 447r. 120.76 of the statutes is repealed.

SECTION 448. 121.02 of the statutes is repealed and recreated to read:

**121.02 School district standards.** (1) In order to be eligible for state aids under s. 121.08, a school district shall meet the following standards under criteria established by the department in compliance with sub. (2).

(a) Every teacher, supervisor, administrator and professional staff member shall hold a certificate, license or permit to teach issued by the department before entering on duties for such position.

(b) Every teacher shall be paid at least the minimum salary and granted the sick leave specified in s. 121.17 and the district shall comply with ss. 42.39 to 42.43, 118.01, 118.02, 118.07 (2) and 120.13 (14).

(c) It shall provide a planned, continuous in-service program for the professional staff.

(d) Provision shall be made for remedial reading services for under-achieving students in grades kindergarten through grade 3.

(e) It shall operate a 5-year-old kindergarten program.

(f) It shall operate, or be part of a cooperative, or otherwise make provision for special education programs for handicapped students as identified in s. 115.76 (1).

(g) It shall make available guidance and counseling services.

(h) School shall be held and students shall receive actual instruction for at least 180 days with additional days included as provided in s. 115.01 (10).

(i) Provision shall be made for emergency nursing services.

(j) It shall provide adequate instructional materials, texts and library services which reflect the cultural diversity and pluralistic nature of American society.

(k) It shall make adequate provision for safe and healthful facilities.

(L) Provision shall be made for instruction in elementary and high schools by qualified teachers in health, physical education, art and music.

(m) A school district operating only elementary grades shall levy a tax at a rate of at least 3 mills. A school district operating only grades 9 to 12 shall levy a tax at a rate of at least 3 mills. A school district operating both elementary and high school grades shall levy a tax at a rate of at least 5 mills.

(2) A school district, in order to be eligible for state aids under s. 121.08, shall be mills.

(2) A school district, in order to be eligible for state aids under s. 121.08, shall be in compliance with at least one-third of the standards established in this section by July 1, 1973, except as provided in sub. (3). A school district, in order to be eligible for state aids under s. 121.08, shall be in compliance with at least two-thirds of the standards established in this section by July 1, 1974, except as provided in sub. (3). A school district, in order to be eligible for state aids under s. 121.08, shall be in compliance with all standards established in this section by July 1, 1975, except as provided in sub. (3).

(3) Union high school districts are exempt from standards in sub. (1) (d) and (e) but are subject to all other provisions of this section.

SECTION 449. 121.03 and 121.04 of the statutes are repealed.

SECTION 449g. 121.06 (1) of the statutes is amended to read:

121.06 (1) Annually on or before ~~August~~ October 1, the full value of the taxable property in each school district, in each part of a city, village and town in a joint school district and in each city authorized to issue bonds for school purposes, including territory attached only for school purposes, shall be determined by the department of revenue according to its best judgment from all sources of information available to it and shall be certified by the department to the state superintendent.

SECTION 449r. 121.07 (4) of the statutes is amended to read:

121.07 (4) SCHOOL DISTRICT EQUALIZED VALUATION. "School district equalized valuation" is the full value of the taxable property of the territory in the school district as ~~last~~ certified for the prior year under s. 121.06 (2) through aids paid for 1973-74 after which it is for the current year.

SECTION 450. 121.07 (5) (a), (b) and (d) of the statutes are amended to read:

121.07 (5) (a) The number of pupils enrolled and teacher-pupil ratio of the school district on the 3rd Friday in September and the estimated ~~net operating~~ shared cost for the current school year shall be used in computing state aid.

(b) If the school district valuation is increased or decreased due to an alteration in school district boundaries before the 3rd Friday in September, the estimated ~~net operating~~ shared cost for the current school year and the estimated mill levy rate shall be based on the school district equalized valuation of the territory comprising the altered school district.

(d) At the end of the school year, the department shall adjust state aid payments according to the actual ~~net operating~~ shared cost of the school district for that school year.

SECTION 451. 121.07 (6) (title), (a) and (b) of the statutes are amended to read:

121.07 (6) (title) SHARED COST. (a) "~~Net operating~~ Shared cost" is the cost of operation ~~and maintenance of a school district~~, minus ~~its~~ the operational receipts ~~for the current school year. Amounts paid by school districts as rent, which are used to retire indebtedness on the buildings or properties for which the rent is paid, shall not be included in the cost of operation and maintenance in computing state aid~~ and amounts received under s. 79.04 (1) (c), plus the principal and interest payments on long-term indebtedness and annual capital outlay, for the current school year. The sum of the principal and interest payments on long-term indebtedness and annual capital outlay included in shared cost shall not exceed $100 per pupil.

(b) In computing state aid for a school district, that portion of its ~~net operating~~ shared cost per pupil which is more than ~~5%~~ 10% above the average per pupil ~~net operating~~ shared cost for the ~~current~~ previous school year for school districts of like organization, as determined by the state superintendent, shall be excluded except as provided in par. (c).

SECTION 452. 121.07 (6) (c) of the statutes is repealed and recreated to read:

121.07 (6) (c) In computing state aid on the shared cost excluded under par. (b), the secondary guaranteed valuation shall be used.

SECTION 454. 121.07 (7) and (8) of the statutes are repealed.

SECTION 455. 121.07 (7) to (10) of the statutes are created to read:

121.07 (7) SCHOOL DISTRICT GUARANTEED VALUATIONS FOR DISTRICTS OPERATING BOTH ELEMENTARY AND HIGH SCHOOL GRADES. "School district guaranteed valuation" is the amount set forth in pars. (a) and (b) multiplied by the number of resident pupils enrolled.

(a) The primary guaranteed valuation shall be $71,200 in the 1973-74 school year and $74,800 thereafter.



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(b) The secondary guaranteed valuation shall be an amount rounded to the nearest $100 determined by dividing the equalized valuation of the state by the number of pupils enrolled in the state.

(8) SCHOOL DISTRICT GUARANTEED VALUATIONS FOR DISTRICTS OPERATING ONLY ELEMENTARY GRADES. "School district guaranteed valuation" is the amount set forth in pars. (a) and (b) multiplied by the number of resident pupils enrolled.

(a) The primary guaranteed valuation shall be $68,200 in the 1973-74 school year and $71,600 thereafter.

(b) The secondary guaranteed valuation shall be an amount rounded to the nearest $100 determined by multiplying the amount in par. (a) by the quotient of the amount in sub. (7) (b) divided by the amount in sub. (7) (a).

(9) SCHOOL DISTRICT GUARANTEED VALUATIONS FOR DISTRICTS OPERATING ONLY HIGH SCHOOL GRADES. "School district guaranteed valuation" is the amount set forth in pars. (a) and (b) multiplied by the number of resident pupils enrolled.

(a) The primary guaranteed valuation shall be $170,500 in the 1973-74 school year and $179,100 thereafter.

(b) The secondary guaranteed valuation shall be an amount rounded to the nearest $100 determined by multiplying the amount in par. (a) by the quotient of the amount in sub. (7) (b) divided by the amount in sub. (7) (a).

(10) MILL LEVY RATE. "Mill levy rate" is the sum of the rates derived in pars. (a) and (b).

(a) The primary required levy rate is the quotient of the shared cost not excluded by sub. (6) (b) divided by the school district primary guaranteed valuation.

(b) The secondary required levy rate is the quotient of the shared costs determined in sub. (6) (c) divided by the school district secondary guaranteed valuation.

SECTION 456. 121.08 of the statutes is repealed and recreated to read:

**121.08 State aids; payments by certain districts.** (1) The state shall pay to the school district a sum equal to the amount by which the primary guaranteed valuation exceeds the school district equalized valuation, multiplied by the primary required levy rate and a sum equal to the amount by which the secondary guaranteed valuation exceeds the school district equalized valuation multiplied by the secondary required levy rate.

(2) The school district shall pay to the state the sum of pars. (a) and (b).

(a) Beginning with the 1977-78 school year the amount by which the school district equalized valuation exceeds the primary guaranteed valuation, multiplied by the primary required levy rate.

(b) The amount by which the school district equalized valuation exceeds the secondary guaranteed valuation, multiplied by the secondary required levy rate.

(3) If the net amount computed under subs. (1) and (2) results in a negative sum, that amount shall constitute the negative aid payment due. The negative aid payment due shall be certified to the school district by the state superintendent on or before March 15. The school district treasurer shall transmit the amount certified to the state treasurer on or before May 15. The state treasurer shall credit this amount to the negative aid payment appropriation under s. 20.255 (1) (k). No negative aid payment shall be required under this subsection prior to the 1976-77 school year.

(4) (a) If a school district would receive less general state aid under this section in 1973-74 than it received as general state aid in 1972-73, the net amount computed under subs. (1) and (2) in 1973-74 shall be increased by 90% of the difference between its general state aid in 1972-73 and the net amount computed under subs. (1) and (2).

(b) In each year thereafter in which a school district would receive less general state aid under this section than it received as general state aid in 1972-73, the net amount computed under subs. (1) and (2) in each year shall be increased by a percentage of the difference between its general state aid in 1972-73 and the net amount computed under subs. (1) and (2) in such year. The percentage by which such difference is multiplied under this paragraph shall be reduced by 10 percentage points each year for 9 years thereafter.

(c) For the purposes of this subsection, "general state aid in 1972-73" means the sum of the amounts received as general state aids and the employer's share of teachers retirement and social security payments.

SECTION 457. 121.09 to 121.13 of the statutes are repealed.

SECTION 458. 121.14 (2) (c) of the statutes is amended to read:

121.14 (2) (c) For the purpose of computing state aid, the total number of pupils enrolled in summer classes determined under par. (b) shall be added to the number of pupils enrolled in the school district as reported under s. 121.05. ~~For nonresident high school pupils in summer classes, school districts shall be paid the amounts set forth in ss. 121.09 (3), 121.10 (3), 121.12 (3) and 121.13 (3).~~ School districts shall be paid the sum of $70 for each nonresident elementary school pupil and $88 for each nonresident high school pupil in summer classes under this section.

SECTION 459. 121.15 of the statutes is amended to read:

**121.15 State aid for driver education programs.** To promote a uniformly effective driver education program among high school and vocational, technical and adult education school pupils, each school district operating high school grades and each vocational, technical and adult education district shall receive $30 for each pupil of high school age who successfully completes a course in driver education approved by the department, but in no case may the state aid exceed the actual cost of instruction. If the appropriation under s. 20.255 (1) ~~(q)~~ (r) is inadequate in any year to provide $30 per pupil, the state aid shall be prorated after the appropriation for administration is deducted. Such state aid shall be paid at the same time as the state aid under ~~ss.~~ s. 121.08 ~~to 121.13~~ is paid.

SECTION 460. 121.16 of the statutes is amended to read:

**121.16 State aid to counties.** If a county maintains an institution in which children are received for care and if such institution maintains the educational facilities required to be provided by a common school district, the county shall be paid state aid under ss. 115.85 and 121.08 ~~to 121.13~~. The educational facilities in such institutions shall be under the supervision of the department and the coordinator of the cooperative educational service agency in which the institution is located.

SECTION 461. 121.17 (2) (d) of the statutes is created to read:

121.17 (2) (d) File all reports as required by state law.

SECTION 461m. 121.20 of the statutes is amended to read:

**121.20 Use of state aid; exemption from execution.** All moneys paid to a school district under s. 20.255 (1) (e), (f), (fb) and (fh) ~~and all moneys paid by any county to a school district from taxes under s. 59.07 (21)~~ shall be used by the school district solely for the purposes for which paid. Such moneys are exempt from execution, attachment, garnishment or other process in favor of creditors, except as to claims for salaries or wages of teachers and other school employes and as to claims for school materials, supplies, fuel and current repairs.

SECTION 462. 121.21 of the statutes is amended to read:

**121.21 Proration of state aid.** If the appropriation under s. 20.255 (1) (f) in any one year is insufficient to pay the full amount under ~~ss.~~ s. 121.08 ~~to 121.13~~, state aid payments shall be prorated among the school districts entitled thereto.

SECTION 462m. 121.22 of the statutes is created to read:

**121.22 Use of federal revenue sharing funds.** It is the intent of the legislature that school districts receiving federal revenue sharing funds through the state under this subchapter shall utilize these funds in compliance with the federal revenue sharing requirements as defined in the state and local fiscal assistance act of 1972 (P.L. 92-512). The department of public instruction shall assure compliance with this section.

SECTION 463. 121.79 (1) (c) of the statutes is amended to read:

121.79 (1) (c) For ~~mentally~~ handicapped children, ~~including mentally retarded, emotionally disturbed and epileptic children,~~ in foster homes, from the appropriation under s. 20.255 (1) (fb).

SECTION 464. 121.84 (3) (a) of the statutes is amended to read:

121.84 (3) (a) A reorganized school district, in its first year of operating high school grades, may provide for its 11th and 12th grade pupils on a tuition basis and, in its 2nd such year, may provide for its 12th grade pupils on a tuition basis. The clerk of the school district in which nonresident pupils under this subsection are enrolled shall certify the number of such pupils enrolled to the department and to the clerk of their school district of residence. The school district of residence shall include such pupils in determining for state aid purposes the total number of pupils enrolled in the school district ~~and if the school district of residence is determined to be an integrated aid district and eligible for state aid under s. 121.12 (1) or 121.13 (1), it shall be paid state aid for such pupils, reduced by any amounts paid for such pupils under ss. 121.09 (3), 121.10 (3), 121.12 (3) and 121.13 (3).~~

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SECTION 550. **School district cost limitation.** (1) For school districts budgeting for July 1, 1973, to June 30, 1974, the shared cost limitation shall be computed as follows:

(a) In 1973-74, the budgeted per pupil shared cost increase for each school district, exclusive of transportation, principal and interest payments on long-term indebtedness, annual capital outlay and that portion of the sum of the employer's share of teachers retirement and social security payments which exceeds $7.50, shall be limited to $55.

(b) For the purpose of computing the shared cost for 1973-74, districts may use pupils enrolled in 1972-73 or 1973-74 whichever is greater.

(2) For school districts budgeting for January 1, 1974, to December 31, 1974, the shared cost limitation shall be computed as follows:

(a) For the year involved, the budgeted per pupil shared cost increase for each school district, exclusive of transportation, principal and interest payments on long-term indebtedness, annual capital outlay and that portion of the sum of the employer's share of teachers retirement and social security payments which exceeds $7.50, shall be limited to $55.

(b) For the purpose of computing the shared cost under this subsection, districts may use pupils enrolled in 1972-73 or 1973-74 whichever is greater.

(c) For the purpose of computing the shared cost increase under this subsection, the "year involved" may be either the 1974 calendar year or the 1973-74 fiscal year.

(3) The state superintendent may exempt school districts from this limitation to the extent necessary to offset the following conditions:

(a) Evidence that the cost limitation would leave no alternative but to reduce educational programs below an adequate level.

(b) Evidence that the cost limitation will not permit the establishment of programs required to meet the state educational standards in section 121.02 of the statutes.

(c) Evidence that the cost limitation will not permit the continuation of programs which previously were funded wholly or partially by federal aids.

(4) The state superintendent's exemption of school districts from this limitation shall be based on evidence that such school districts have made every prudent effort to control costs in all areas of spending.

SECTION 550b. **1974-75 Guaranteed valuations.** In 1974-75, each of the guaranteed valuations set forth in section 121.07 (7), (8) and (9) of the statutes shall be adjusted by an amount determined as though section 121.07 (4) but not section 70.11 (27) of the statutes had been enacted. The total state aid payment under section 121.08 shall be equal to the total payment which would have been made had this section not been enacted. On or before October 1, 1974, the state superintendent of public instruction and the department of administration shall certify the guaranteed valuations to the joint committee on finance. Upon approval by the committee that the guaranteed valuations certified have been determined according to this section, such guaranteed valuations shall be used in computing aid payments in 1974-75 and the revisor of statutes shall substitute such guaranteed valuations in section 121.07 (7), (8) and (9) in the next printing of the statutes.

SECTION 550d. **School finance study.** The members of the assembly committee on education and the senate committee on health, education and welfare shall constitute a committee to study the implementation and results of the changes in financing of public elementary and high school education enacted during the 1973-75 biennium. This committee shall study, among other matters because of enumeration, the effects of exempting from taxation manufacturing machinery and equipment, the effects of exempting from taxation personal property, the effects of using income as a factor in calculating state aids and the effects of computing state aids on current equalized valuations. The committee shall submit its findings and recommendations to the 1975 legislature no later than January 31, 1975. **Vetoed in Part**

SECTION 550h. **Teacher retirement and social security payments.** A school district may, upon request to the state superintendent, have its 1973-74 elementary and high school aid reduced by an amount necessary to make required payments for the employer's share of teachers retirement and social security for the period July 1, 1973 through December 31, 1973. The amount of reduction under this section shall not exceed amounts to be received for 1973-74 as determined under section 121.08 of the statutes.

SECTION 550m. **Special educational needs.** The state superintendent shall, prior to January 1, 1974, report to the joint committee on finance the planning and development of programs and use of funding pursuant to subchapter V of chapter 115 of the statutes. Upon review of such report the joint committee on finance may release funds appropriated in section 20.255 (1) (fd) of the statutes for 1974-75.



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